MINNESOTA HOUSING

MEETINGS SCHEDULED FOR JANUARY

Minnesota Housing
400 Wabasha Street N. Suite 400
St. Paul, MN 55102

THURSDAY, JANUARY 28, 2021

Regular Board Meeting
1:00 p.m.

Conference Call

Toll-free dial-in number (U.S. and Canada):
1-866-899-4679

Access code:
841-606-229

NOTE: The information and requests for approval contained in this packet of materials are being presented by Minnesota Housing staff to the Minnesota Housing Board of Directors for its consideration on Thursday, January 28, 2021.

Items requiring approval are neither effective nor final until voted on and approved by the Minnesota Housing Board.

The Agency may conduct a meeting by telephone or other electronic means, provided the conditions of Minn. Stat. §462A.041 or Minn. Stat. 13D.021 are met. The Agency shall, to the extent practical, allow a person to monitor the meeting electronically and may require the person making a connection to pay for documented marginal costs that the Agency incurs as a result of the additional connection.

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Mission

Housing is the foundation for success, so we collaborate with individuals, communities and partners to create, preserve and finance housing that is affordable.

Vision

All Minnesotans live and thrive in a safe, stable home they can afford in a community of their choice.

AGENDA
Minnesota Housing Board Meeting
Thursday January 28, 2021
1:00 p.m.

1. **Call to Order**
2. **Roll Call**
3. **Agenda Review**
4. **Approval of Minutes**
   A. (page 5) Regular Meeting of December 17, 2020
5. **Reports**
   A. **Chair**
   B. **Commissioner**
   C. **Committee**

6. **Consent Agenda**
   A. (page 11) Reconfirmation and Modification, Housing Infrastructure Bond loan commitment - Lydia Apartments, D3145, Minneapolis
   B. (page 27) Approval, Waiver to the Rehabilitation and Emergency & Accessibility Loan Programs Procedural Manual Requirements
   C. (page 29) Approval, Minnesota City Participation Program
   D. (page 39) Approval, 2020-2022 Strategic Plan Revision

7. **Action Items**
   A. (page 69) Deferred Payment Loan and Deferred Payment Loan Plus Loan Amount Changes
   B. (page 73) Commitment, Low and Moderate Income Rental Loan (LMIR), and Low and Moderate Income Rental Bridge Loan (LMIRBL)
   - North Moorhead Village D8118, Moorhead
   C. (page 89) Approval, Selection of Red Willow Estates and Revision of Housing Tax Credit Selection Resolution and Modification of Two HTC Project Allocations
   D. (page 97) Adoption, Resolution Authorizing the Issuance and Sale of Rental Housing Bonds, 2021 Series A (North Moorhead)

E. (page 179) COVID-19 Emergency Rental Assistance
F. (page 183) Request for Delegated Authority Related to COVID-19 Emergency Rental Assistance

8. Discussion Items

A. (page 189) 2021 Governor's Budget Recommendations
B. COVID-19 Update

9. Information Items

A. (page 191) 2020 Consolidated Annual Performance and Evaluation Report (CAPER)
B. (page 285) Post-sale report, RHFB 2020 Series HI

10. Other Business

None.

11. Adjournment

DRAFT Minutes

Minnesota Housing Board Meeting

Thursday, December 17, 2020

9:00 a.m.

Via Conference Call

1. **Call to Order.**

   Chair DeCramer called to order the regular meeting of the Board of Minnesota Housing Finance Agency at 9:04 a.m.

2. **Roll Call.**

   Members Present via conference call: Auditor Julie Blaha, Chair John DeCramer, Craig Klausing, Stephanie Klinzing, Stephen Spears and Terri Thao. Chief Executive Benjamin joined the meeting after Action Item 7A.

   Minnesota Housing Staff present via conference call: Tal Anderson, Noemi Arocho, Jules Atagana, Ryan Baumtrog, Vi Bergquist, Kevin Carpenter, Jessica Deegan, Suzanne Dilla, Alison Ehlert, Rachel Franco, Anne Heitlinger, Darryl Henchen, Hannah Jirak, Jennifer Ho, Karen Johnson, Kasey Kier, Greg Krenz, Tresa Larkin, Debbi Larson, Song Lee, James Lehnhoff, Eric Mattson , Jill Mazullo, Katie Moore, Maggie Nadeau, John Patterson, Devon Pohlman, William Price, Annie Reierson, Paula Rindels, Lael Robertson, Rachel Robinson, Tina Rogney, Dani Salus, Joel Salzer, Anne Smetak, Corey Strong, Jodell Swenson, Susan Thompson, Mike Thone, Ted Tulashie, Nancy Urbanski, Nicola Viana, Sarah Woodward, Kristy Zack, and Amber Zumski.

   Others present via conference call: Ramona Advani, Office of the Minnesota State Auditor; David R Anderson, All Parks Alliance for Change; Anne Mavity, Minnesota Housing Partnership.

3. **Agenda Review**

   None.

4. **Approval**

   Regular Meeting Minutes of November 19, 2020

   Motion: Terri Thao moved to approve the November 19 Regular Meeting Minutes. Seconded by Stephanie Klinzing. Roll call was taken. Ramona Advani voted on behalf of Auditor Blaha. Motion carries 6-0. All were in favor.

5. **Reports**

   A. Chair

   None.

   B. Commissioner

Commissioner Ho shared the following with the Board:

- Welcome new staff members: Jules Antagana, Multifamily and Kristen Kvlasten, Multifamily
- Jennifer shared that we recently lost a member of our team. Henry Morimoto unexpectantly passed away earlier this month.
- Update on Special Session
- Update on COVID-19 Housing Assistance Program
- Participated in an Advocate Listening Session- on the topic of Ongoing Emergency Assistance Need and Legislative Strategy
- Attended the NCSHA Board of Directors Meeting, Forum and Listening Sessions
- Interview with Fox 9 about Housing Assistance

C. Committee

None.

6. Consent Agenda

A. Commitment, Low and Moderate Income Rental Loan (LMIR), and Low and Moderate Income Rental Bridge Loan (LMIRBL) and Modification, Economic Development and Housing Challenge Loan (EDHC)

- Aurora Heights, D8207, Grand Rapids

Motion: Auditor Blaha moved to approve the Consent Agenda Items. Seconded by Terri Thao. Roll Call was taken. Motion Carries 6-0. All were in favor.

7. Action Items

A. Approval, Tenant Selection Plan Guidelines

Vicki Farden presented to the board a request for approval of the Tenant Selection Plan Guidelines. Chair DeCramer opened up the discussion. Board members asked a series of questions and staff provided answers.

Motion: Craig Klausing moved Approval, Tenant Selection Plan Guidelines. Seconded by Stephanie Klinzing. Roll call was taken. Motion carries 5-0. (Stephen Spears did not vote). All were in favor.

B. Approval, State of Minnesota Housing Tax Credit 2022-2023 Qualified Allocation Plan

Summer Jefferson and Devon Pohlman presented a request for approval of the 2022-2023 Housing Tax Credit Qualified Allocation Plan, Housing Tax Credit Procedural Manual, and Self-Scoring Worksheet. Chair DeCramer opened up the discussion. Board members asked a series of questions and staff provided answers.

Motion: Terri Thao moved Approval, State of Minnesota Housing Tax Credit 2022-2023 Qualified Allocation Plan. Seconded by Stephen Spears. Roll call was taken. Motion carries 7-0. All were in favor.

C. Approval, Selections, Capacity Building Initiative

Alyssa Wetzel-Moore presented a request for approval of awards to Capacity Building Initiative grantees. This program provides up to $40,000 in one-time funding to each grantee for one-year projects that will build organizational capacity to address housing disparities, build power in communities most impacted by housing challenges and disparities, pilot innovative solutions to housing challenges, and support inclusive and equitable communities. Chair DeCramer opened up the discussion. There were no questions from Board members.

Motion: Craig Klausing moved Approval, Selections, Capacity Building Initiative. Seconded by Auditor Blaha. Roll call was taken. Terri Thao and Chief Executive Benjamin abstained. Motion carries 5-0. All were in favor.

D. Approval, Selections, Manufactured Home Redevelopment Program

Annie Reierson presented a request for approval of the funding recommendations for the Manufactured Home Community Redevelopment Program. Chair DeCramer opened up the discussion. Board members asked a series of questions and staff provided answers.

Motion: Chief Executive Benjamin moved Approval, Selections, Manufactured Home Redevelopment Program. Seconded by Stephanie Klinzing. Roll call was taken. Motion carries 7-0. All were in favor**.**

E. Approval, Single Family Selections, Community Homeownership Impact Fund (Impact Fund)

Song Lee and Leighann McKenzie presented a request for approval of funding recommendations for the Single Family Consolidated Request for Proposals and Community Homeownership Impact Fund (Impact Fund). Chair DeCramer opened up the discussion. There were no questions from Board members.

Motion: Stephanie Klinzing moved Approval, Single Family Selections, Community Homeownership Impact Fund (Impact Fund). Seconded by Terri Thao Roll call was taken. Chair DeCramer abstained. Motion carries 6-0. All were in favor.

F. Approval, 2020 Multifamily Selections, Amortizing and Deferred Loans, and 2021 Round 1 Housing Tax Credits

Katie Moore and Devon Pohlman presented to the board a request for approvals related to the 2020 Consolidated Request for Proposals. Chair DeCramer opened the discussion. Board members asked a series of questions and staff provided answers. The resolutions before the board were voted on individually.

1) Adoption of a resolution approving the selection of projects for further processing, and the commitment of deferred financing, and, subject to final underwriting and due diligence, authorizing the closing of loans related to the following programs and/or funding sources:
    - Economic Development and Housing Challenge
    - Preservation Affordable Rental Investment Fund
    - National Housing Trust Fund
    - HOME Investment Partnerships
    - Housing Infrastructure Bonds
    - Flexible Financing for Capital Costs

Motion: Stephanie Klinzing moved Approval, adoption of a resolution approving the selection of projects for further processing, and the commitment of deferred financing, and, subject to final underwriting and due diligence, authorizing the closing of loans related to the following programs and/or funding sources listed above. Seconded by Craig Klausing. Roll call was taken. Motion carries 7-0. All were in favor.

2) Adoption of a resolution approving allocation of Federal Low-Income Housing Tax Credits for calendar year 2021 to certain low- income housing buildings.

Motion: Terri Thao moved Approval, allocation of federal Low-Income Housing Tax Credits for calendar year 2021 to certain low- income housing buildings. Seconded by Auditor Blaha. Roll call was taken. Motion carries 7-0. All were in favor.

3) Adoption of a resolution approving selections of Low and Moderate Income Rental and the Low and Moderate Income Rental Bridge Loan Program.

Motion: Terri Thao moved Approval, Adoption of a resolution approving selections of Low and Moderate Income Rental and the Low and Moderate Income Rental Bridge Loan Program. Seconded by Stephanie Klinzing. Roll call was taken. Motion carries 7-0. All were in favor.

G. Approval, 2020 Multifamily Projects Recommended to Advance, Housing Infrastructure Bonds

William Price presented a request for approval to advance, for initial underwriting and evaluation of project feasibility, certain projects eligible for loans financed by Housing Infrastructure Bonds that submitted applications in the 2020 Consolidated Request for Proposals. Chair DeCramer opened up the discussion. There were no questions from Board members.

Motion: Craig Klausing moved Approval, 2020 Multifamily Projects Recommended to Advance, Housing Infrastructure Bonds. Seconded by Melanie Benjamin. Roll call was taken. Motion carries 7-0. All were in favor.

8. Discussion Items

None.

9. Information Items

A. Post-Sale Report, Minnesota Homeownership Finance Bonds 2020 Series E (Taxable)

10. Other Business

None.

11. Adjournment

The meeting was adjourned at 12:00 p.m.

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John DeCramer, Chair

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MINNESOTA HOUSING

Board Agenda Item: 6.A
Date: 1/28/2021

Item: Reconfirmation and Modification, Housing Infrastructure Bond loan commitment
- Lydia Apartments, D3145, Minneapolis, MN

Staff Contact(s):
Paul Marzynski, 651.296.3797, paul.marzynski@state.mn.us

Request Type:

☒ Approval ☐ No Action Needed

☒ Motion ☐ Discussion

☒ Resolution ☐ Information

Summary of Request:
At the November 1, 2018 Board meeting, the proposed development was selected for a commitment of deferred funding under the Housing Infrastructure Bond (HIB) program under Resolution No. 18-061 in the amount of $4,226,422. Agency staff completed the underwriting and technical review of the proposed development and recommends the adoption of a resolution for the reconfirmation and extension of the HIB loan commitment to May 31, 2021, and modification to the loan amount from $4,226,422 to an amount not to exceed $7,600,000.

All commitments are subject to the terms and conditions of the Agency term letter.

Fiscal Impact:
The Agency will not earn interest revenue, as the loan will not carry an interest rate. As the debt service on the HIBs to finance the HIB loan is paid via state appropriations, there is also no interest expense to the Agency. The Agency will earn origination and construction oversight fees on the HIB loan.

Meeting Agency Priorities:

☒ Improve the Housing System

☒ Preserve and Create Housing Opportunities

☐ Make Homeownership More Accessible

☒ Support People Needing Services

☒ Strengthen Communities

Attachments:
- Background
- Resolution

BACKGROUND:
At its November 1, 2018 meeting, the Minnesota Housing Board approved the selection of Lydia Apartments for further processing and a commitment of deferred financing under the Housing Infrastructure Bond (HIB) program in the amount of $4,226,422. Also, at the November 1, 2018 meeting, the project was selected for a $1,200,000 Low and Moderate Income Rental (LMIR) first mortgage and a $2,300,000 LMIR Bridge Loan (LMIRBL).

The project involves the acquisition and substantial rehabilitation of an existing 40-unit, three-story supportive housing development and the addition of 40 units to the existing building. The completed project will consist of 80 units of permanent supportive housing to serve individuals with mental illness and/or chemical dependency issues. Twelve units are designated for people with disabilities and 40 units are designated as high priority homeless units. All units will benefit from project-based Section 8 rental assistance provided by the Minneapolis Public Housing Authority. The development serves important Agency policy goals of addressing access to fixed transit, preservation of federally-assisted properties, and increasing the supply of permanent supportive housing.

Since project selection in 2018, the project's construction costs have increased by $2 million or 23%. The scope of work has mostly remained the same except for additional soil correction work required to build the additional 40 units; however, most of the cost increase is a result of the current competitive sub-contractor construction environment and cost escalation for construction materials.

Since selection, the sponsor has secured an additional $2,200,000 in deferred loan commitments and has also forgiven over $1,200,000 of sponsor loans that were to be assumed by the new limited partnership. These changes will cover the increased construction costs and allow for the elimination of the Agency's $1,200,000 LMIR first mortgage.

As a result of construction cost increases, the amount of tax-exempt volume cap bonds required to meet the 50% test and secure the 4% housing tax credits, increased from $6,526,000 to $7,600,000, a 16.4% increase. The project originally met the 50% test requirement at selection with the $4,226,000 HIB loan and the $2,300,000 LMIRBL, both backed by tax-exempt volume cap bonds. The revised financial structure will still have the $4,226,000 permanent HIB loan; however, the $2,300,000 LMIRBL loan will be replaced by $3,374,000 of short-term, volume cap HIB loan proceeds for a total HIB loan of $7,600,000. The additional $3,374,000 of HIB loan proceeds is only needed during construction and will be repaid to the Agency after construction completion, which is anticipated to be no later than April 30, 2023.

The original HIB loan commitment under Resolution No. 18-061 expired in July of 2020. Staff recommends the reconfirmation of the original HIB loan commitment, an increase in the HIB loan amount to $7,600,000 and an extension of the loan commitment to May 31, 2021. Approximately $4,226,000 of the HIB loan will be structured as a long-term permanent loan, and approximately $3,374,000 will be structured as a short-term loan with a repayment due date after construction completion.

The $1,200,000 LMIR first mortgage loan and the $2,300,000 LMIRBL included in the 2018 selection are eliminated as funding sources for the project.

MINNESOTA HOUSING FINANCE AGENCY
400 Wabasha Street North, Suite 400
St. Paul, Minnesota 55102

RESOLUTION NO. MHFA 21-XX
Modifying Resolution No. MHFA 18-061

RESOLUTION APPROVING MORTGAGE COMMITMENT RECOMFIRMATION AND MODIFICATION TO HOUSING INFRASTRUCTURE BOND (HIB) LOAN

WHEREAS, the Board has previously authorized a commitment for the Lydia Apartments development by its Resolution No. 18-061; and

WHEREAS, the commitment in MHFA Resolution No. 18-061 expired on July 2, 2020; and

WHEREAS, the development continues to be in compliance with Minn. Stat. ch. 462A and Agency's rules, regulations and policies; and

WHEREAS, Agency staff has determined that the development has incurred an increase in construction costs.

NOW THEREFORE, BE IT RESOLVED:

THAT, the Board hereby renews the commitment of an HIB loan for the development and modifies the HIB loan funding commitment for the development upon the following terms and conditions:

1. The HIB loan shall be increased from $4,226,422 to an amount not to exceed $7,600,000

2. Approximately $4,226,000 will be structured as a long-term HIB loan, and approximately $3,374,000 will be structured as a short-term HIB loan with payment not later than April 30, 2023; and

3. The deadline to close is extended to before May 31, 2021; and

4. All other terms and conditions of Minnesota Housing Resolution No. 18-061 remain in effect.

Adopted this 28th day of January 2021

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CHAIRMAN

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Selection Criteria related to 2018 RFP/2019 HTC Round 1

Project Name: Lydia Apartments

Project City: Minneapolis

Property Number (D#): D3145

Project Number: M17996

Permanent Supportive Housing for High Priority Homeless

Developer Claimed Deferred Loans	Developer Claimed HTC Pts	Agency Confirmed Deferred Loans	Agency Awarded HTC Points	Number of Units (Agency Validated)	
☑ 50% to 100%	20 Pts	☑ 50% to 100%	20 Pts	Number of units	~~39~~ 40

Loan/HTC Commitment and Compliance Monitoring
The deferred loan and HTC document(s) will include the number of units required to meet this criterion for the term of the loan/LURA. Specific performance requirement relief provisions are available for projects that meet the selection criterion and will be incorporated into the loan and HTC documents. The Owner agrees units will be set aside and rented to High Priority Homeless who are a household prioritized for permanent supportive housing by Coordinated Entry System (HPH units) and targeted to the populations indicated in the Self-Scoring Worksheet and Deferred Loan Priority Checklist. The owner will be required to certify on an annual basis that the development complies with this criterion for the term of the loan/LURA.

Permanent Supportive Housing for High Priority Homeless – CoC Priority 1

Developer Claimed Deferred Loans	Developer Claimed HTC Pts	Agency Confirmed Deferred Loans	Agency Awarded HTC Points	Number of Units (Agency Validated)	
☑ Continuum of Care Household Type Priority One	2 Pts	☑ Continuum of Care Household Type Priority One	2 Pts	Number of Units	4

Loan/HTC Commitment and Compliance Monitoring
The deferred loan and HTC document(s) will include the number of units that the Owner agrees the project will target to Continuum of Care Household Type Priority One.

People with Disabilities

Developer Claimed Deferred Loans	Developer Claimed HTC Pts	Agency Confirmed Deferred Loans	Agency Awarded HTC Points	Number of Units (Agency Validated)	
☑ 15% to 25%	10 Pts	☑ 15% to 25%	10 Pts	Number of Units	12

Loan/HTC Commitment and Compliance Monitoring
The deferred loan and HTC document(s) will include the number of units required to meet this criterion for the term of the loan/LURA. Specific performance requirement relief provisions are available for projects that meet the selection criterion and will be incorporated into the loan and HTC documents. The Owner agrees units will be set aside and rented to households with a disability with income limits at 30% MTSP. Units cannot be restricted to persons of a particular age group and must be provided in an integrated setting for the term of the loan/extended use period (Declaration of Land Use Restrictive Covenants) The units must be set aside and rented to persons with the following disabilities in a manner consistent with Minnesota Statutes, Section 462A.222, subdivision 3, subparagraph (d)(3): a. A serious and persistent mental illness as defined in MN Statutes Section 245.462, Subdivision 20, Paragraph C; or b. A developmental disability as defined in United States Code, Title 42, Section 6001, Paragraph (5), as amended; or c. Assessed as drug dependent persons as defined in MN Statute Section 254A.02, Subdivision 5, and are receiving or will receive care and treatment services provided by an approved treatment program as defined in MN Statute Section 254A.02, Subdivision 2; or d. A brain injury as defined in MN Statute Section 256B.093, Subdivision 4, Paragraph (a); or e. Permanent physical disabilities that substantially limit major life activities, if at least 50 percent of the units in the Project are accessible as provided under Minnesota Rules, Chapter 1341. The owner will be required to certify on an annual basis that the development complies with this criterion for the term of the loan/LURA.

Rental Assistance

Developer Claimed Deferred Loans	Developer Claimed HTC Pts	Agency Confirmed Deferred Loans	Agency Awarded HTC Points	Number of Units (Agency Validated)	
☑ 100% of the total units	15 Pts	☑ 100% of the total units	15 Pts	Number of Units	~~8~~ 80

Loan/HTC Commitment and Compliance Monitoring
The deferred loan and HTC document(s) will include the number of units required to meet this criterion. For purposes of this category, project-based rental assistance is defined as project-specific funding stream that supports the operations of the property, reduces the tenant burden, and provides the tenant portion of rent to be no greater than 30% of household income. The project must comply with the requirements in the Self-Scoring Worksheet and Deferred Loan Priority Checklist. The owner will be required to certify on an annual basis that the development complies with this criterion for the term of the loan/LURA Covenants.

Rental Assistance – 10 Year

Developer Claimed Deferred Loans	Developer Claimed HTC Pts	Agency Confirmed Deferred Loans	Agency Awarded HTC Points	Number of Units (Agency Validated)
☑ Development agrees to provide the project-based rental assistance for a minimum 10 years	4 Pts	☑ Development agrees to provide the project-based rental assistance for a minimum 10 years	4 Pts	

Loan/HTC Commitment and Compliance Monitoring
The deferred loan/HTC document(s) will include requirements to meet this criterion. The owner will be required to continue renewals of project based housing subsidy payments for a minimum of 10 years. The owner must continue renewals of existing project based housing subsidy payment contract(s). The owner agrees that rents will remain affordable at 50% MTSP income limits for a 10 year period if rental assistance is not available for the full period. The 10 year period begins for HTC developments at the time of Placed in Service (PIS) or for deferred only loan transactions, the closing date.

Rental Assistance – Further Restricted Rental Assisted Units (FRRA)

Developer Claimed Deferred Loans	Developer Claimed HTC Pts	Agency Confirmed Deferred Loans	Agency Awarded HTC Points	Number of Units (Agency Validated)
☑ 75.1% to 100% of units	7 Pts	☐ 75.1% to 100% of units	0 Pts	

Loan/HTC Commitment and Compliance Monitoring
The deferred loan and HTC document(s) will include the number of units required to meet this criterion for the term of the loan/LURA. Specific performance requirement relief provisions are available for projects that meet the selection criterion and will be incorporated into the loan and HTC documents. Owner agrees to further restrict units to households whose incomes do not exceed 30% of MTSP income limit for a 10 year period.

Long Term Affordability

Developer Claimed Deferred Loans	Developer Claimed HTC Pts	Agency Confirmed Deferred Loans	Agency Awarded HTC Points	Number of Units (Agency Validated)
☑ Long-term affordability for a minimum of 40 years	9 Pts	☑ Long-term affordability for a minimum of 40 years	9 Pts	

Loan/HTC Commitment and Compliance Monitoring
Owner agrees to extend the term of the LURA and/or waive their right to Qualified Contract for the applicable term.

Workforce Housing Communities

Developer Claimed Deferred Loans	Developer Claimed HTC Pts	Agency Confirmed Deferred Loans	Agency Awarded HTC Points	Number of Units (Agency Validated)
☑ Top Job Center or Net Five Year Job Growth Community	6 Pts	☑ Top Job Center or Net Five Year Job Growth Community	6 Pts	

Loan/HTC Commitment and Compliance Monitoring
Eligibility was determined at the time of selection.

Location Efficiency – Access to Transit

Developer Claimed Deferred Loans	Developer Claimed HTC Pts	Agency Confirmed Deferred Loans	Agency Awarded HTC Points	Number of Units (Agency Validated)
☑ One quarter mile of a fixed route stop on Metro Tranit's Hi-Frequency Network	4 Pts	☑ One quarter mile of a fixed route stop on Metro Tranit's Hi-Frequency Network	4 Pts	

Loan/HTC Commitment and Compliance Monitoring
Eligibility was determined at the time of selection.

Location Efficiency – Walkability

Developer Claimed Deferred Loans	Developer Claimed HTC Pts	Agency Confirmed Deferred Loans	Agency Awarded HTC Points	Number of Units (Agency Validated)
☑ Walk Score of 70 or more	2 Pts	☑ Walk Score of 70 or more	2 Pts	

Loan/HTC Commitment and Compliance Monitoring
Eligibility was determined at the time of selection.

Planned Community Development

Developer Claimed Deferred Loans	Developer Claimed HTC Pts	Agency Confirmed Deferred Loans	Agency Awarded HTC Points	Number of Units (Agency Validated)
☑ Contributes to Planned Community Development efforts	3 Pts	☐ Contributes to Planned Community Development efforts	0 Pts	

Loan/HTC Commitment and Compliance Monitoring
Eligibility was determined at the time of selection.

QCT/Community Revitalization and Tribal Equivalent Areas

Developer Claimed Deferred Loans	Developer Claimed HTC Pts	Agency Confirmed Deferred Loans	Agency Awarded HTC Points	Number of Units (Agency Validated)
☑ QCT Community Revitalization Area or a Tribal Equivalent Area	1 Pts	☐ QCT Community Revitalization Area or a Tribal Equivalent Area	0 Pts	

Loan/HTC Commitment and Compliance Monitoring
Eligibility was determined at the time of selection.

Minority Owned/Women Owned Business

Developer Claimed Deferred Loans	Developer Claimed HTC Pts	Agency Confirmed Deferred Loans	Agency Awarded HTC Points	Number of Units (Agency Validated)
☑ A MBE/WBE	3 Pts	☑ A MBE/WBE	3 Pts	

Loan/HTC Commitment and Compliance Monitoring
Eligibility was determined at the time of selection and will be monitored through the underwriting phase.

Financial Readiness to Proceed/Leveraged Funds

Developer Claimed Deferred Loans	Developer Claimed HTC Pts	Agency Confirmed Deferred Loans	Agency Awarded HTC Points	Number of Units (Agency Validated)
☐ 9.9% and below of funding secured	0 Pts	☐ 9.9% and below of funding secured	0 Pts	

Loan/HTC Commitment and Compliance Monitoring
Eligibility was determined at the time of selection and will be monitored through the underwriting phase.

Other Contributions

Developer Claimed Deferred Loans	Developer Claimed HTC Pts	Agency Confirmed Deferred Loans	Agency Awarded HTC Points	Number of Units (Agency Validated)
☑ 2.1 to 5%	2 Pts	☐ 2.1 to 5%	0 Pts	

Loan/HTC Commitment and Compliance Monitoring
Eligibility was determined at the time of selection and will be monitored through the underwriting phase.

Intermediary Costs

Developer Claimed Deferred Loans	Developer Claimed HTC Pts	Agency Confirmed Deferred Loans	Agency Awarded HTC Points	Number of Units (Agency Validated)
☑ 15.1 to 20%	3 Pts	☑ 15.1 to 20%	3 Pts	

Loan/HTC Commitment and Compliance Monitoring
Eligibility was determined at the time of selection and will be monitored through the underwriting phase.

Cost Containment

Developer Claimed Deferred Loans	Developer Claimed HTC Pts	Agency Confirmed Deferred Loans	Agency Awarded HTC Points	Number of Units (Agency Validated)
☑ Cost Containment	6 Pts	☑ Cost Containment	6 Pts	

Loan/HTC Commitment and Compliance Monitoring
Eligibility was determined at the time of selection and will be monitored through underwriting and 8609.

Total Developer Claimed: **97** **Total Agency Awarded:** **84**

Tax Credit Requirement Summary
4% Tax Credits

Although this project has been selected with a 4% financial structure, it has not yet received an award of 4% Housing Tax Credits (tax credits) and must still undergo the Preliminary Determination process.

Section 42 of the Internal Revenue Code (Code) establishes procedures for obtaining tax credits through the issuance of tax-exempt volume limited bonds [Sections 42(m)(1)(D) and 42(m)(2)(D)]. As part of the process to obtain approvals for using 4% tax credits in your proposal, you must submit a separate application to Minnesota Housing for review and issuance of the required 42(m)(1)(D), and as appropriate, 42(m)(2)(D) Preliminary Determination for 4% tax credits.

The enclosed Selection Criteria shows the total number of selection points awarded to the referenced development and denotes the terms and conditions that are anticipated to be included in your Preliminary Determination.

Application Requirements
Information and application requirements can be found in Article 8 of Minnesota Housing's Tax Credit Qualified Allocation Plan (QAP) and Chapter 7 of the Housing Tax Credit Program Procedural Manual (Manual).

The project must comply with the QAP and Manual that is in effect for the **calendar year in which the tax-exempt volume limited bonds were first issued.** If the tax-exempt volume limited bonds are initially issued on a short-term basis, the year the tax-exempt volume limited bonds are reissued on a long-term basis may occur any time after the year the tax-exempt volume limited bonds were first issued. The effective QAP will always be the QAP for the year in which the tax-exempt volume limited bonds were first issued. Selection of a project with a 4% financial structure is not a guarantee that 4% tax credits will be awarded to the project. Any award of 4% tax credits is subject to compliance with the terms, conditions, and selection criteria of the applicable QAP.

The application for a 4% tax credit Preliminary Determination and all required submissions must be submitted to Minnesota Housing **prior to bond issuance.**

Application Materials
Use of the 2018 RFP/ 2019 HTC application documentation that was submitted with your dual application is permitted; however, some of the documentation will need to be updated after the project has been underwritten prior to the issuance of bonds and closing. 2019 HTC 42M applications should be submitted via the Multifamily Customer Portal.

The following application materials are required:

- All documents required for an application for tax credits under Chapter 6 of the Manual and any additional information requested by Minnesota Housing (also refer to Chapter 7)
- Unless previously paid, an application/review fee (refer to Manual Chapter 8)
- A preliminary determination fee prior to release of the letter (refer to Manual Chapter 8)
- If the issuer of the bonds is not Minnesota Housing, submission must include evidence from the issuer that the

project received an approval of an allocation of tax-exempt bond volume cap from the state of Minnesota and a preliminary determination from the bond issuer addressing the tax credit dollar amount and project costs pursuant to Section 42(m)(2)(D) of the Code.

Submission
All required application materials should be submitted electronically through the Multifamily Customer Portal.

Preliminary Determination Letter
Based upon the submission of documents, Minnesota Housing will prepare a letter with its Preliminary Determination(s) pursuant to Section 42(m)(1)(D) and as appropriate 42(m)(2)(D) of the Code. The letter will address whether the project satisfies the requirements for allocation of a tax credit dollar amount under the QAP, the estimated tax credit dollar amount and project costs. Please allow **six weeks** from the time the full application package is submitted for processing.

MINNESOTA HOUSING

400 Wabasha Street North, Suite 400 St. Paul, MN 55102
P: 800.657.3769
F: 651.296.8139 | TTY: 651.297.2361
www.mnhousing.gov

December 23, 2020

Lee Blons
Beacon Interfaith Housing Collaborative
2610 University Avenue West, Suite 100
St. Paul, MN 55114

RE: Term Letter
Lydia Apartments, Minneapolis
MHFA Development #D3145, Project # M17996

Dear Ms. Blons:

Minnesota Housing Finance Agency ("Minnesota Housing") staff has approved your request for a loan or loans subject to the terms and conditions contained in this letter (the "Terms"). The Terms are subject to Minnesota Housing's Board of Directors' approval and meeting all underwriting standards, delivery of required due diligence items, satisfactory loan documentation and other loan closing requirements. The Terms do not constitute a commitment to lend on the part of Minnesota Housing and relate only to the specific financing referenced in this letter.

Borrower:	A single asset entity: Lydia Apartments Housing Limited Partnership
General Partner:	Lydia Apartments LLC Sole Member: Beacon Interfaith Housing Collaborative
Development Description/Purpose:	Lydia Apartments is the acquisition, renovation and new construction of an 80 units of permanent supportive housing project located in Minneapolis, Minnesota

Program	**Housing Infrastructure Bonds (HIB) Loan**
Loan Amount	$7,600,000
Interest Rate	0.00%
Mortgage Insurance Premium (%)	Not Applicable
Term	40 Years
Amortization/Repayment	Deferred lump sum payment due in 40 years *
Prepayment Provision	No prepayment first 10 years from date of the HIB Note*
Nonrecourse or Recourse	Nonrecourse
Construction/ Permanent Loan or Construction Bridge Loan or End Loan	Construction / Permanent Loan
Lien Priority	First

*$3,374,000 of the HIB loan to be repaid no later than April 30, 2023.

Origination Fee: HIB Loan: $76,000
(payable at the earlier of loan commitment or loan closing)

Inspection Fee: $25,681
(payable at the earlier of loan commitment or loan closing)

Guaranty/Guarantor(s): Completion Guaranty to be provided by:
- Beacon Interfaith Housing Collaborative

Operating Deficit Reserve Account: Not Applicable

Operating Cost Reserve Account: Not Applicable.

Replacement Reserve Account: A replacement reserve will be required in the amount of $450/unit/annum. The monthly replacement reserve will be $3,000.00. The replacement reserve will be held by Minnesota Housing. Additional capitalized replacement reserve in the amount of $160,000 will be funded at closing and will be held by the Agency.

Escrows: Real estate tax escrow and property insurance escrow to be established at the time of permanent loan closing and held by Minnesota Housing.

Collateral/Security: Mortgage and Assignment of Rents and Leases for each loan; UCC-1 Financing Statement on fixtures, personal property, accounts and equipment.

HAP or other subsidy agreement Commitment to 10 years of affordability under the Section 8 program for 80 units.

Rent and Income Requirements:

<u>HIB Loan</u>

80 units with incomes not exceeding 80% of the greater of statewide or area median income as determined by HUD; and rents not exceeding the Affordable to the Local Workforce (ALW) rent limits, as published by Minnesota Housing;

- HIB - Behavioral Health:
  - 40 units of permanent supportive housing (PSH) for people with behavioral health needs.

- HIB - Permanent Supportive Housing
  - 40 units of permanent supportive housing (PSH) for individuals who are without a permanent residence.

This Declaration will remain in full force and effect for a period ending on the later of 40 years from the date of this Declaration, or the date the Loan is paid in full.

Other Occupancy:
- 40 units set aside for High Priority Homeless (HPH) households serving single adults
- 12 units set aside for People with Disabilities (PWD) Households.

Other Requirements: The HIB loan is subject to the terms in the attached Deferred Selection Criteria.

Closing Costs: Borrower agrees to pay all closing costs related to the specific financing referenced in this letter.

Expiration Date: This term letter will expire on the earlier of (i) six months from the date of this letter or (ii) Minnesota Housing board approval of a loan commitment.

Additional Terms: None

Other Conditions: None

Board Approval: Not Applicable

Not a Binding Contract: This letter is not a commitment to be bound by the Terms in this letter. The parties expressly agree that this letter does not create a legally binding agreement. The parties further agree that the Terms are subject to the Borrower's ability to obtain all necessary financing for the Development, which may include additional financing from Minnesota Housing not referenced in this letter.

Please sign this letter and return it to Maggie Nadeau at maggie.nadeau@state.mn.us on or before January 6, 2021.

If you have any questions related to this letter, please contact Paul Marzynski at 651.296.3797 or by e-mail at paul.marzynski@state.mn.us.

We appreciate the opportunity to work with you on your affordable housing development.

Sincerely,

James Lehnhoff
Assistant Commissioner, Multifamily

AGREED AND ACCEPTED BY:

LYDIA APARTMENTS HOUSING LIMITED PARTNERSHIP

By: Lydia Apartments LLC
Its: General Partner

By: ____
Lee Blons, its Authorized Representative

Date Accepted: ___________________________

MINNESOTA HOUSING

Board Agenda Item: 6.B
Date: 1/28/2021

Item: Approval, Waiver to the Rehabilitation and Emergency & Accessibility Loan Programs Procedural Manual Requirements

Staff Contact(s):
Tonya Taylor, 651-296-8844, Tonya.taylor@state.mn.us

Request Type:

☒ Approval
☒ Motion
☐ Resolution

☐ No Action Needed
☐ Discussion
☐ Information

Summary of Request:
Staff requests waivers to two program requirements in the Rehabilitation Loan Program and the Emergency and Accessibility Loan Program Procedural Manuals to allow program lender Arrowhead Economic Opportunity Agency to serve a tribally-enrolled Bois Forte Band of Chippewa member living on Bois Forte tribal trust land.

Fiscal Impact:
None. The Rehabilitation Loan Program and the Emergency and Accessibility Loan Programs are funded by Agency resources and state appropriations that do not earn interest for the Agency.

Meeting Agency Priorities:
☐ Improve the Housing System
☒ Preserve and Create Housing Opportunities
☐ Make Homeownership More Accessible
☐ Support People Needing Services
☒ Strengthen Communities

Attachment(s):
- Background
- Recommendation

Background
The Rehabilitation Loan Program (RLP) and the Emergency and Accessibility Loan Program (ELP) were created to complement loan programs available in the private sector, to fill the financial gap that exists between low-income homeowners who are able to secure traditional financing for home improvements and those unable to do so.

The programs are available to eligible borrowers with a household income at or below 30 percent of the Area Median Income. RLP/ELP loans are zero percent interest, deferred forgivable loans. Funds must be used for improvements that directly affect the safety, habitability, livability or energy efficiency of the home.

Arrowhead Economic Opportunity Agency, an RLP/ELP lender, received an application from a tribally enrolled Bois Forte Band of Chippewa member living on Bois Forte tribal trust land requesting RLP/ELP funds to rehabilitate her manufactured home. Without waivers to requirements within the RLP and ELP Procedural Manuals, the applicant would be ineligible for the programs.

Staff requests waivers to the requirements described below. Additionally, staff recommends that the loan to the Bois Forte member follow the RLP and ELP Procedural Manual requirements of a manufactured home taxed as personal property and located in a manufactured home park except for Section 7.01 of the RLP and ELP Procedural Manuals. Section 7.01 requires recording of a specific document that is not applicable to property located on Bois Forte tribal trust land.

While these waivers are specific to this one applicant, staff is completing a thorough review of RLP and ELP program policy and procedures to determine what changes need to be made to better serve Indigenous households living on tribal trust land.

RLP and ELP Manuals Section 3.04 Ownership Interest
The only types of manufactured homes allowed under the RLP and ELP Procedural Manuals are manufactured homes taxed as personal property and located in manufactured home parks or manufactured homes taxed as real property. The applicant owns a manufactured home located on Bois Forte tribal trust land. Her manufactured home is not taxed as real property nor is it located in a manufactured home park. Staff requests a waiver to accept manufactured homes located on tribal trust land as an eligible form of ownership interest.

RLP Manual Section 5.06 Title Evidence Requirements
ELP Manual Section 5.07 Title Verification
The Procedural Manuals list specific ways in which lenders must verify ownership of a property. The stated methods include contacting the County Recorder's Office/Registrar of Titles or via an Owners and Encumbrances report. Being that the applicant's manufactured home is located on tribal trust land, these methods cannot be used to demonstrate ownership. Staff requests a waiver to accept as verification of ownership documentation from Bois Forte Band of Chippewa that Minnesota Housing deems is sufficient to evidence ownership of a property.

MINNESOTA HOUSING

Board Agenda Item: 6.C
Date: 1/28/2021

Item: Approval, Minnesota City Participation Program

Staff Contact(s):
Greg Krenz, 651.297.3623, Greg.Krenz@state.mn.us
Laura Bolstad Grafstrom, 651.296.6346, Laura.Bolstad.Grafstrom@state.mn.us

Request Type:

☒ Approval	☐ No Action Needed
☐ Motion	☐ Discussion
☒ Resolution	☐ Information

Summary of Request:
Staff requests approval of cities for participation in the Minnesota City Participation Program (MCPP). The program allows Minnesota Housing to apply for the portion of the annual private activity bond volume cap allocated by Minnesota Statutes Section 474A.03, subdivision 1 to the Housing Pool, $55,585,685 of which is available in 2021 for single family housing programs authorized by Minnesota Statutes Section 474A.061, subdivision 2a to enable cities and counties to provide first-time homebuyer loans in their communities.

Fiscal Impact:
Minnesota Housing is able to issue nearly $56 million in additional tax-exempt private activity bonds to provide loans to first-time homebuyers with lower incomes as a result of administering the Minnesota City Participation Program.

Meeting Agency Priorities:
- ☐ Improve the Housing System
- ☐ Preserve and Create Housing Opportunities
- ☒ Make Homeownership More Accessible
- ☐ Support People Needing Services
- ☒ Strengthen Communities

Attachment(s):
- Background and Recommendation
- Table 1: Preliminary 2021 MCPP Allocations to Applicants
- Map 1: Greater Minnesota - MCPP Participants – 2016 - 2020 Start Up Loans, partly funded with MCPP
- Map 2: Greater Minnesota - MCPP Participants - 2020 Start Up Loans, partly funded with MCPP
- Map 3: Metro - MCPP Participants – 2016 - 2020 Start Up Loans, partly funded with MCPP
- Map 4: Metro - MCPP Participants - 2020 Start Up Loans, partly funded with MCPP
- Resolution

Background
Since 1990, under the Minnesota City Participation Program (MCPP), Minnesota Housing has sold tax-exempt private activity bonds on behalf of local governments to assist them in meeting local housing goals pursuant to Minnesota Statutes Section 474A.061, subdivision 2a. In accordance with that statute, cities, counties and consortia of local government units apply annually to Minnesota Housing for participation in MCPP.

MCPP is an important statewide tool that local units of government find valuable in meeting their continuum of housing needs. Self-issuance of bonds is not economically feasible for most communities, given economies of scale necessary for successful self-issuance. Under the MCPP, Minnesota Housing efficiently sells bonds on behalf of the participating communities so residents can access affordable mortgage loans with downpayment and closing cost loan options. Communities report many benefits to participating in the program, including:

- Continuous, dedicated funding for their community.
- Access to local lenders as well as nonprofit agencies that provide homebuyer education.
- Minnesota Housing support through marketing and outreach templates, regular communication via visits, phone calls and emails, and information on loan activity.

In their application, local governments confirm that MCPP helps the community meet an identified housing need and the program is economically viable in their community. Loans are eligible for MCPP if they meet all requirements below:

- The loan is an eligible first-time homebuyer Start Up loan.
- The property is located in the applicants’ jurisdiction as stated on their application.
- The borrower’s income must not exceed 80% of the area median income.

The attached maps show the location of Start Up loans originated in the jurisdictions of the participating MCPP communities in 2020 and between 2016 and 2020. Two maps show loans in the metro area and two maps contain loans in Greater Minnesota. Minneapolis, Saint Paul and Dakota County are not eligible to participate in the MCPP program because they each receive an entitlement allocation of tax-exempt bonding authority.

The amounts of the allocations set forth in Table 1 are determined based on a pro rata allocation of the $55,585,685 total amount available, according to the population of each community that has applied and meets the above requirements.

Recommendation
Staff requests that the Board approve the attached resolution which:

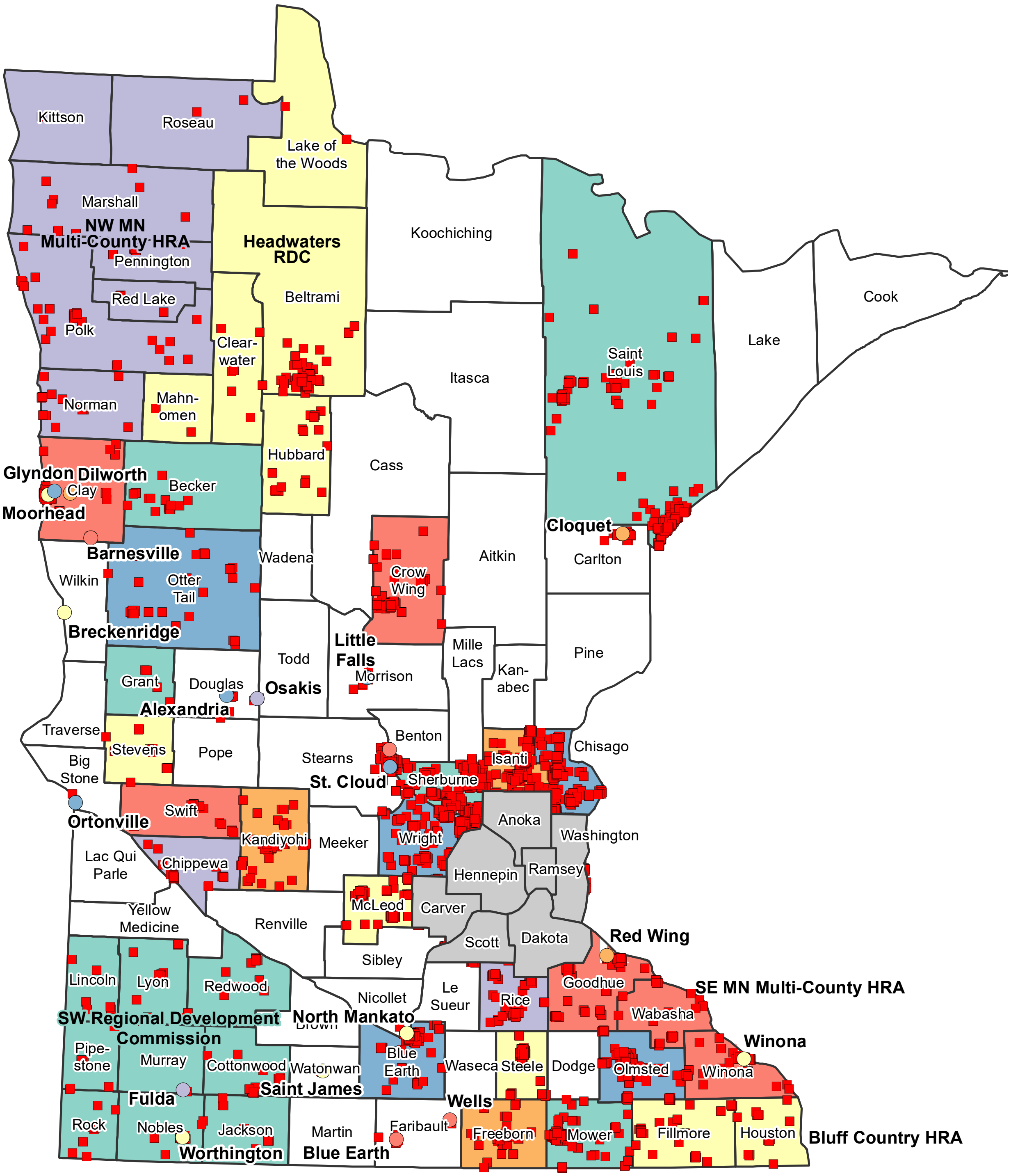
- Approves applying local governments for participation in MCPP for the allocation amounts shown in the resolution; and
- Authorizes Minnesota Housing to take necessary actions to apply to Minnesota Management and Budget for amounts available for tax-exempt private activity bonding authority on behalf of the same eligible local governments under Minnesota Statutes, Chapter 474A.

Table 1: Preliminary 2021 MCPP Allocations to Applicants

Summary of 2021 MCPP Preliminary Allocations

Community	Allocation
Alexandria, City of	$205,699
Anoka County	$5,269,596
Becker County	$501,969
Blue Earth, City of	$100,000
Blue Earth County	$996,499
Bluff Country HRA	$576,673
Breckenridge, City of	$100,000
Carver County	$1,557,406
Chippewa County	$172,307
Chisago County	$822,637
Clay County	$938,564
Cloquet, City of	$179,805
Crow Wing County	$948,489
Freeborn County (Albert Lea administrates)	$441,216
Grant County	$100,000
Headwaters Regional Dev. Commission	$1,261,470
Hennepin County	$12,265,461
Isanti County	$589,460
Kandiyohi County	$627,632
McLeod County	$522,574
Mower County	$583,037
New Ulm, City of	$195,991
North Mankato, City of	$205,089
NW MN Multi-Co. HRA	$1,237,436
Oakdale, City of	$405,848
Olmsted County	$2,331,204
Otter Tail County	$853,457
Ramsey County	$3,521,168
Red Wing, City of	$238,931
Rice County	$971,433
Sartell, City of	$277,642
Scott County	$2,157,226
SE MN Multi-Co. HRA	$1,092,693
Sherburne County	$1,308,506
St. Cloud, City of	$995,714
St. Joseph, City of	$106,103
St. Louis County	$2,901,251
Steele County (Owatonna administrates)	$539,270
Stevens County	$141,909
SW Regional Development Commission	$1,689,215
Swift County	$136,111
Washington County	$3,412,113
Winona, City of	$395,996
Wright County	$2,012,978
Total	**$55,585,685**

Minnesota City Participation Program -
2016 - 2020 Start Up Loans, partly funded with MCPP

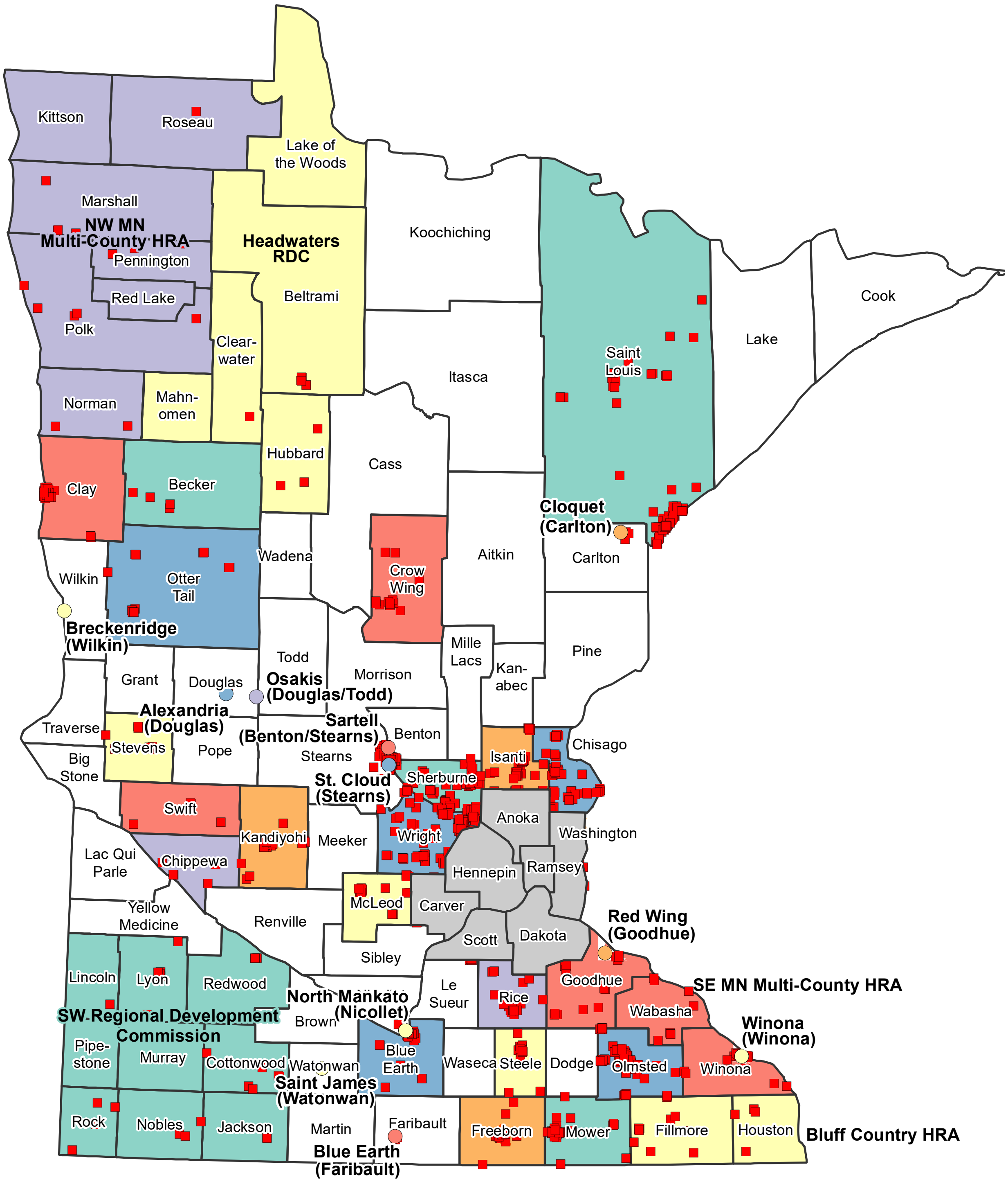


MINNESOTA HOUSING

2016-2020 Start Up Loans, partly funded with MCPP

Created: 1.11.2021

Minnesota City Participation Program - 2020 Start Up Loans, partly funded with MCPP

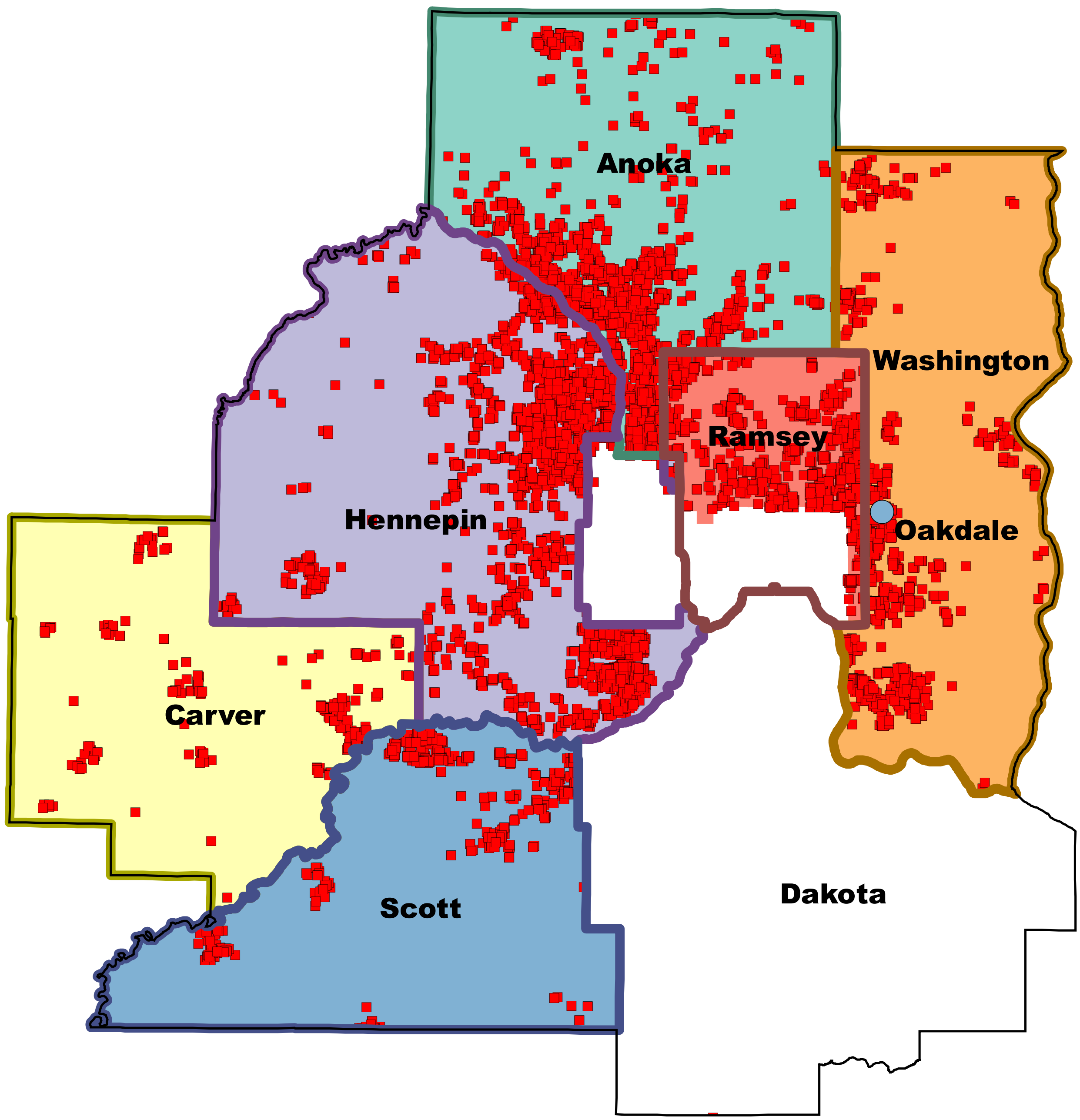


MINNESOTA HOUSING

■ 2020 Start Up Loans, partly funded with MCPP

Created: 1.11.2021

Minnesota City Participation Program -
2016 - 2020 Start Up Loans, partly funded with MCPP

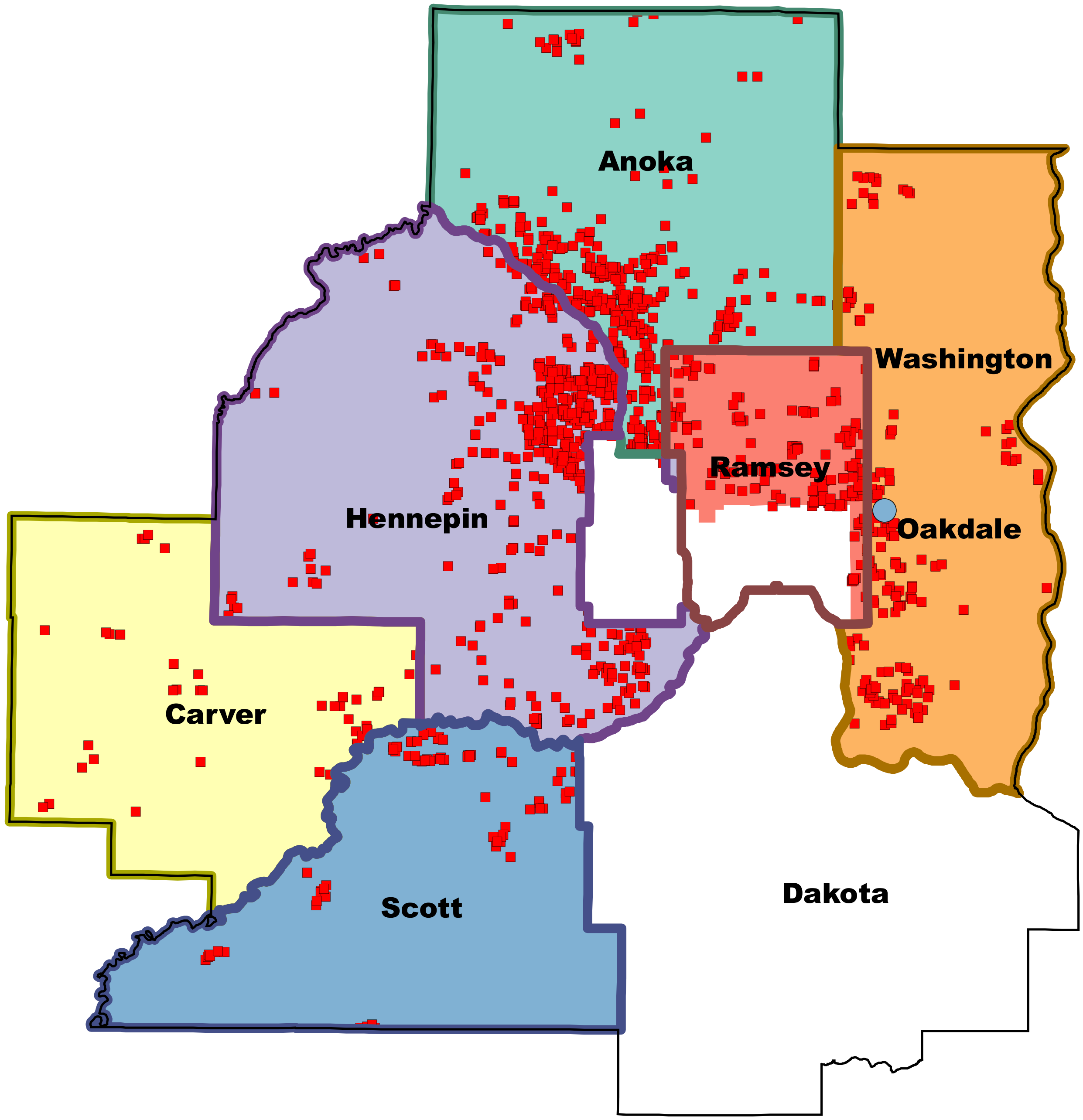


MINNESOTA HOUSING

Created: 1.11.2021

2016-2020 Start Up Loans, partly funded with MCPP

Minnesota City Participation Program - 2020 Start Up Loans, partly funded with MCPP



MINNESOTA HOUSING

Created: 1.11.2021

Agenda Item: 6.C
Resolution

MINNESOTA HOUSING FINANCE AGENCY
400 Wabasha Street North, Suite 400
St. Paul, MN 55102

RESOLUTION NO. MHFA 20-

RESOLUTION AUTHORIZING APPLICATION FOR BONDING AUTHORITY ON BEHALF OF THE 2021 MINNESOTA CITY PARTICIPATION PROGRAM PARTICIPANTS

WHEREAS, Minnesota Statutes, Section 474A.061 subdivision 2a, paragraph (e) authorizes the Minnesota Housing Finance Agency to request an allocation of private activity bonding authority for the applicants who applied in January of 2021 and choose to have the Minnesota Housing Finance Agency issue bonds on their behalf, and the participating applicants are eligible for bonding authority in a total amount of not less than $55,585,685; and

WHEREAS, the Minnesota Housing Finance Agency is willing to take those actions necessary to make the private activity bonding authority available under Minnesota Statutes, Chapter 474A.061, subdivision 2a available to the Minnesota City Participation Program participants.

NOW THEREFORE, BE IT RESOLVED:

That the Commissioner of the Minnesota Housing Finance Agency is hereby granted the authority to take all actions necessary to apply to the Commissioner of Minnesota Management and Budget for amounts available for tax-exempt private activity bonding authority during the times set forth in Minnesota Statutes, Chapter 474A, on behalf of the 2021 Minnesota City Participation Program participants as listed below.

Community	Allocation
Alexandria, City of	$205,699
Anoka County	$5,269,596
Becker County	$501,969
Blue Earth, City of	$100,000
Blue Earth County	$996,499
Bluff Country HRA	$576,673
Breckenridge, City of	$100,000
Carver County	$1,557,406
Chippewa County	$172,307
Chisago County	$822,637
Clay County	$938,564
Cloquet, City of	$179,805
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Hennepin County	$12,265,461
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McLeod County	$522,574
Mower County	$583,037

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NW MN Multi-Co. HRA	$1,237,436
Oakdale, City of	$405,848
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St. Louis County	$2,901,251
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Stevens County	$141,909
SW Regional Development Commission	$1,689,215
Swift County	$136,111
Washington County	$3,412,113
Winona, City of	$395,996
Wright County	$2,012,978
Total	**$55,585,685**

Adopted this 28th day of January 2021

____

CHAIRMAN

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MINNESOTA HOUSING

Board Agenda Item: 6.D
Date: 1/28/2021

Item: 2020-2022 Strategic Plan Revision

Staff Contact(s):
John Patterson, 651.296.0763, john.patterson@state.mn.us

Request Type:

☒ Approval	☐ No Action Needed
☒ Motion	☐ Discussion
☐ Resolution	☐ Information

Summary of Request:
The Walz-Flanagan Administration recently revised its One Minnesota Plan, which serves as a guiding document for Minnesota Housing's Strategic Plan. Staff have included for your review and approval a revised 2020-2022 Strategic Plan. The only changes apply to the section that provides an overview of the One Minnesota Plan (see pages 3 through 6). Because the Agency's Strategic Plan was already well aligned with the changes, staff did not change the rest of the plan.

Fiscal Impact:
None.

Meeting Agency Priorities:
- ☒ Improve the Housing System
- ☒ Preserve and Create Housing Opportunities
- ☒ Make Homeownership More Accessible
- ☒ Support People Needing Services
- ☒ Strengthen Communities

Attachment(s):
- 2020-2022 Strategic Plan (revised)

MINNESOTA HOUSING

Minnesota Housing Strategic Plan

2020 – 2022

Introduction

The Future: Minnesota Housing's 2020-2022 Strategic Plan

Everyone wants a home they can afford in a community of their choice because it provides the foundation for success, supporting educational achievement, stable employment, health and prosperity. Minnesota Housing is in a strong position to support individuals, families and communities. We are recognized as one of the leading housing finance agencies in the country, with a wide range of effective programs and a strong balance sheet.

We also have great partners and community resources to leverage. We have homeownership advisors, lenders, and real estate agents committed to serving homebuyers of color and from indigenous communities. We have developers and builders who are finding innovative ways to lower the cost of housing construction. We have businesses who invest in housing opportunities for their employees. We have outreach workers who tirelessly find housing for people experiencing homelessness. We have communities of all types with the expertise, insights and commitment to take on the toughest housing issues. We have staff, a Governor and Lt. Governor dedicated to this work.

With the support of partners, over the last eight years, we have increased our:

- Annual program investment from about $700 million to $1.3 billion+;
- Home mortgage lending from 2,245 loans to 5,100;
- Lending to first-time homebuyers of color or from indigenous communities from 549 to 1,400;
- Financing of new rental housing from 703 units to about 1,100.

While opportunities exist, the housing market continues to evolve and produce barriers, so we need to go big so everyone can go home.

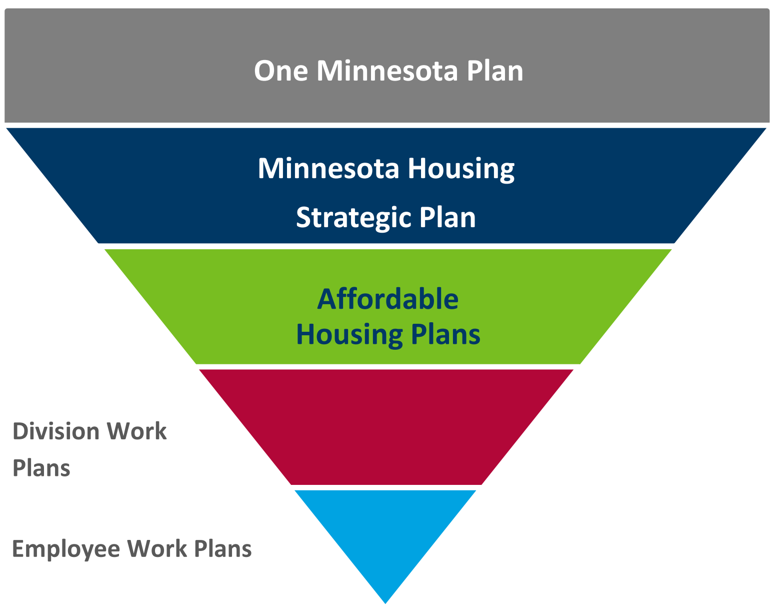
We need to go big because many Minnesotans struggle with housing instability.

- 448,000 lower-income households in Minnesota are spending more than 30% of their income on housing;[1]
- Minnesota has the fourth largest disparity in homeownership rates in the country for households of color and indigenous communities;[2]
- An American Indian is over 20 times more likely to experience homelessness than a person who is white;[3] and
- Research funded by the Family Housing Fund found that the housing shortage in the Twin Cities metro area could limit job growth and result in a loss to the Gross Regional Product of $215 million annually.[4]

While we have done great work over the last several years and our existing vision and mission hold true, we will do even more over the next three years and focus our work on the toughest housing challenges that the state faces.

Strategy Management: How We Direct and Align Our Work

To go big, we need every Minnesota Housing employee and housing partner working toward the same goals. A set of planning documents and processes direct and align our work. The structure starts with the strategic direction set by the Walz-Flanagan Administration and culminates in the work of every individual employee. The strategic and supporting plans align the work of every employee, and every employee sees how their work supports the strategic plans.



Sets the strategic direction for all state agencies in the Walz-Flanagan Administration for 2020-22

Sets the strategic direction for Minnesota Housing for 2020-22

Two-year business plans to implement the Strategic Plan, which includes key policy, program, and operational initiatives

One-year plans outlining division activities to implement the Affordable Housing Plan and core work

One-year individualized work plans for every employee

In the following sections, we first present the building blocks of the Walz-Flanagan Administration's One Minnesota Plan and then present Minnesota Housing's strategic plan. The state can accomplish more if all state agencies and employees are focused on and working toward the same goals. To achieve these outcomes, the Walz-Flanagan Administration established mission and vision statements, principles and priorities. We developed our 2020-22 Strategic Plan, with its own mission, vision, principles and objectives, to be aligned with and fulfill this strategic direction. Our Strategic Plan focuses on the housing component of this endeavor and reflects the input we received from across the state as we developed the plan. Our plan also highlights where and how we will work with other state agencies and sectors to achieve the broader vision.

One Minnesota Plan

Building Blocks

Mission

Improve the lives of all Minnesotans by working collaboratively to implement policies that achieve results.

Vision

Minnesota is the best state in the country for children to grow up in - those of all races, ethnicities, religions, economic statuses, gender identities, sexual orientations, abilities, and zip codes.

Guiding Principles

- Practice servant leadership
- Treat everyone with respect and dignity
- Do the right thing, especially when it is difficult
- Ask how your actions are reinforcing or removing structural inequity
- Promote the common good over narrow special interests
- Be accessible, transparent, and accountable
- Include voices from communities who will be most impacted

Priorities

Minnesota does best when state agencies and community partners collaborate to achieve common goals. We will solve problems in education, health care, environment and energy, housing, jobs, transportation, and so much more by focusing on these key priorities:

- Healthy Minnesotans and COVID-19 Protection
- Economic Recovery and Working Minnesotans
- Children and Families
- Equity and Inclusion
- ~~Thriving Communities~~
- Fiscal Accountability and Measurable Results
- Minnesota's Environment

One Minnesota Priorities

Healthy Minnesotans and COVID-19 Protections

Housing stability is a critical social determinant of health, which COVID-19 has brought to the forefront. We will:

- Support Minnesotans maintain housing stability during the pandemic by:
  - Administering programs that provide emergency assistance for housing payments,
  - Working with communities to identify strategies to prevent evictions, and
  - Financing foreclosure prevention counseling.
- Build and strengthen relationships with the Department of Health, Department of Commerce, the Department of Human Services, the health sector, and community organizations to improve health outcomes, including health sector partnerships in housing.

Economic Recovery and Working Minnesotans

Housing construction typically leads economy recoveries. It is a jumper-starter. We will:

- Invest in new housing development and rehabilitation to stimulate and support economic activity and job growth.
- Support working Minnesotans find and retain housing that is affordable with a full range of programs, including homebuying, home improvement, the construction of new and preservation of existing rental housing, rental assistance, supportive housing and homelessness prevention.

Children and Families

If children and families live in safe, stable homes that they can afford in communities of their choice, they will thrive. Our strategic plan is built to support that goal. We will:

- Emphasize serving children as we focus on the people and places most impacted by housing instability.
- Finance the development and preservation of housing with three or more bedrooms to serve larger families with children.
- Expand the Homework Starts with Home program, which provides rent assistance and other supports to families experiencing homelessness with school-age children.
- Collaborate with the Interagency Council on Homelessness and Children's Cabinet to prevent and end homelessness among children, youth and families.

Equity and Inclusion

A ~~nother~~ key objective of Minnesota Housing is to create an inclusive and equitable housing system (pages 10-11). We will:

- Increase Minnesota Housing's diversity and cultural competency, which includes hiring more employees from communities most impacted by housing disparities and pursuing at least a 75% retention rate for employees of color or from indigenous communities, individuals with disabilities, and veterans.
- Empower communities to co-develop solutions.
- Address systemic barriers.
- Make our programs more inclusive and equitable.
- Diversify the partners with which we work.

~~Thriving Communities~~

~~A key objective of Minnesota Housing is to focus on the people and places most impacted by housing instability (pages 9-10). If we are to achieve the concept of One Minnesota, where everyone thrives, we will:~~

- ~~Make communities most impacted by housing instability the priority of each program.~~
- ~~Support housing solutions developed by communities.~~
- ~~Finance housing to support economic development and job growth.~~
- ~~Strengthen disinvested communities.~~
- ~~Support Tribal nations and indigenous communities.~~

Fiscal Accountability and Measurable Results

Minnesota Housing is a financial institution with a mission. We will:

- Maintain a strong balance sheet and increase our assets so that we have the resources to not only address current housing needs but also future needs.
- Maintain a strong bond rating.
- Track progress on each of our strategic objectives with a set of metrics and develop Specific, Measurable, Achievable, Relevant, and Time-bound (SMART) goals for a set of the objectives to hold ourselves accountable for achieving specific goals.

Minnesota's Environment

Sustainable housing that utilizes both energy efficiency and clean energy solutions plays a key role in mitigating climate change, improving Minnesota's environment, reducing utility bills for residents, and providing a healthier place to live (page 12). We will:

- Actively participate in the Governor’s Climate Subcabinet and develop a more comprehensive climate strategy for Minnesota Housing.
- Enhance our existing sustainability standards for the buildings we finance, which are primarily based on Enterprise Green Communities, to promote the development and rehabilitation of sustainable and resilient homes.
- Work with our asset management team to continue providing sustainability education and supporting owners, managers and residents of existing buildings.
- Assess our work with an environmental justice lens, finding equitable housing solutions to minimize the impact of climate change on the most vulnerable populations.
- Leverage all available resources, such as utility incentives, city-based sustainability programs, and other partnerships.

Minnesota Housing Strategic Plan

Our Vision: The Big, Audacious Goal

All Minnesotans live and thrive in a stable, safe home they can afford in a community of their choice.

Our Mission: The Core Purpose

Housing is the foundation for success, so we collaborate with individuals, communities and partners to create, preserve and finance housing that is affordable.

Our Principles and Values: How We Work

How we work and with whom we engage and partner can be as important as what we do. Our processes and partnerships impact not only what housing is built, but also where it is built, for whom, and who benefits from the work. To achieve the concept of **One Minnesota** where everyone thrives, we will reorient how we work and expand who has a voice at the table and who participates in and benefits from the housing economy.

- We will center the **people and places most impacted** by housing instability at the heart of our decision making.
- We will **listen, empower and support**.
- We will be **inclusive, equitable and just** in our actions.
- We will be **innovative and creative** problem solvers.
- We will be **flexible, nimble and responsive**.
- We will make **data-driven and evidence-based** decisions.
- We will pursue **continuous improvement**.
- We will **build and leverage** resources.
- We will be **accountable** for our results.

Our Core Activities: The Day-to-Day Work

Minnesota Housing’s core work involves these seven activities:

- **Promote and Support Successful Homeownership.** We finance pre- and post-purchase counseling, education, coaching, and financial empowerment; mortgages and downpayment/closing-cost assistance; and home improvement loans.

- **Finance New Affordable Rental Opportunities.** We finance the construction of new rental housing through amortizing first mortgages, housing tax credits, and zero-interest, deferred loans. We also provide rental assistance.
- **Preserve the Existing Housing Stock.** We provide financing to meet a range of rehabilitation and refinancing needs for both homeownership and rental, provide technical assistance and support to those needing help accessing preservation resources, support effective rental property management after we have financed a property, and manage HUD's Project-Based Section 8 rental assistance contracts in Minnesota.
- **Support Housing Stability.** We fund assistance that helps people find and stay in their housing, finance housing with services, and work with local Continuums of Care to connect people experiencing homelessness to the housing and services they need.
- **Support Community and Economic Development.** We engage communities, provide tools to help assess local needs, and support communities with technical assistance and capacity building resources.
- **Lead and Take Action on Critical Housing Issues.** We identify housing issues and needs, work with community partners to advocate for solutions, and leverage both public and private resources.
- **Strengthen the Financial and Organizational Capacity of the Agency.** We are only as strong as our staff, partnerships, systems and balance sheet. We finance our programs through a combination of state and federal appropriations, tax credits, bonding and Agency earnings. We attract and retain skilled, committed and diverse staff. We partner with over 400 organizations across the state to administer the programs that we finance. We create, maintain and operate systems that effectively manage our programs and finances.

Our Strategic Objectives

Over the next three years, we will pursue the following 14 strategic objectives, which fall into five areas of focus.

Improve the Housing System

- Focus on the people and places most impacted, especially children
- Create an inclusive and equitable housing system
- Finance housing to support all areas of life

Preserve and Create Housing Opportunities

- Preserve the condition and affordability of existing housing
- Increase the development of new housing that is affordable
- Increase access to rental assistance
- Support and preserve manufactured housing

Make Homeownership More Accessible

- Address homeownership barriers and reduce disparities

Support People Needing Services

- Effectively link services with housing
- Prevent and end homelessness
- Support people with disabilities

- Support older Minnesotans

Strengthen Communities

- Strengthen disinvested communities
- Support Tribal nations and indigenous communities

Strategic Goals

What gets measured and tracked gets done. Specific, Measurable, Achievable, Relevant and Time-bound (SMART) goals provide clarity and accountability, inspire action and make a strategic plan tangible. For example, by having a goal of 35% of our first-time homebuyer mortgages going to households of color and indigenous communities, we significantly increased our lending to these communities and are on the cusp of achieving it. Creating SMART goals takes careful analysis, thought and collaboration. We will develop them for a key set of these objectives over the next year. We have also identified one to three key metrics for tracking each of the objectives identified in the plan to drive results and accountability.

Improve the Housing System

Focus on the People and Places Most Impacted, Especially Children

Key Metric: Share of households from these communities that are cost burdened or overcrowded (lowest income, households of color, indigenous communities, seniors, children, large families, and people with disabilities)

Some people and places are far more likely to be impacted by housing instability, which includes being cost-burdened or homeless, living in overcrowded or substandard housing, moving frequently or not having access to homeownership. Communities facing housing challenges and disparities are our priority because the current market is not working for them. Examples include:

PEOPLE		PLACES
• Lowest Income (e.g. <= 30% of area median income (AMI)) • People of Color • Indigenous Individuals • LGBTQ • People Experiencing Homelessness • People with Disabilities • Immigrants • Large Families • Seniors • Children	People Facing Barriers and/or Limited Choices such as: • Poor Credit • Limited Savings • Criminal History • Evictions • Transitioning Out of Foster Care, Prison, Other Systems	• Disinvested Communities in the Metro Area and Greater Minnesota • Tribal Nations/Indigenous Communities • Manufactured Home Communities • Communities with Job Growth and a Limited Housing Supply

Children are often among those most impacted by housing instability, and the impact can last a lifetime through reduced educational achievement, poor health, and even trauma. If all children were stably housed in a safe, affordable home in a community of their family's choice, Minnesota would be a great place for everyone to live.

Make the Most Impacted the Priority of Each Program

(1) Understand the impact that market conditions and failures have on the people and places most impacted
(2) Continually engage these communities
(3) Prioritize resources to serve them

Advocate Alongside Communities

(1) Be a convener and connector
(2) Identify and advocate for new and innovative solutions, particularly when a housing need cannot be met with one of our existing programs

Create an Inclusive and Equitable Housing System

Key Metrics:

- *Disparities for housing cost burden, homeownership, poverty, and homelessness, by race*
- *Disparities for housing cost burden, homeownership, poverty, and homelessness, by disability status*
- *Number and share of developments that Minnesota Housing finances that have a minority-owned or women-owned business on the development team*

Minnesota has vibrant, resourceful communities, including people with disabilities who overcome daily barriers, immigrants who are determined to make a new life, communities of color and indigenous populations who have endured generations of discrimination, and the LGBTQ community that is out and proud. These groups have struggled to thrive. Minnesota has some of the worst disparities in the country, including in housing, health, education, income and wealth. If we are truly to achieve the concept of **One Minnesota**, everyone must thrive, not just some. Because the root causes of these disparities are deep and systemic, our strategies will be deep and systemic, starting with Minnesota Housing itself.

Increase Minnesota Housing's Diversity and Cultural Competency

(1) Increase in the number of our leaders and staff who are from communities most impacted by disparities
(2) Continue and enhance our journey to become more culturally competent and incorporate these practices into everything we do

Empower Communities to Co-Develop Solutions

(1) Continually engage and empower communities facing barriers
(2) Create more opportunities for participation in program decision making
(3) Listen
(4) Act on what we learn

Address Systemic Barriers

(1) Identify the systemic barriers creating housing inequities
(2) Develop a policy agenda
(3) Support solutions that increase housing stability and access, such as renter protections and renter screening that is guided by evidence-based research
(4) Support efforts to mitigate displacement

(5) Support laws, local ordinances and practices that create a full range of housing options that are affordable in all communities

Make Our Programs More Inclusive and Equitable

(1) Review all program structures, processes, requirements and restrictions with a renewed lens on inclusion and equity
(2) Identify programs and processes that are not working for everyone
(3) Make programs easier to access and administer so that they better serve households with different needs and from different backgrounds

Diversify the Partners with which We Work

(1) Invest in organizations led by disproportionately impacted communities, build their capacity and provide more opportunities for them to compete for funding, which will lead to culturally appropriate work and direct benefits to disproportionately impacted communities
(2) Encourage program partners to assess their leadership and staff composition, their cultural competency and how they incorporate equity practices into their work, learning from partners who are doing this well

Continually Analyze Outcomes and Program Processes

(1) Collect and analyze data at the most disaggregated level possible
(2) Thoroughly analyze outcomes and program processes by race/ethnicity, disability status and other characteristics that reflect inequity
(3) Adjust and act where populations are not being served equitably

Finance Housing to Improve All Areas of Life

Key Metrics:

- *Number of programs that we administer in partnership with other state agencies*
- *Number of households served by Homework Starts with Home*

Stable and affordable homes support educational achievement, stable employment, health, and success in other areas of life. Societal challenges involve complex interactions across issues and sectors, and we need cross-sector solutions. We will act holistically.

Build Interagency and Cross-Sector Relationships and Partnerships

Build and strengthen relationships with:

(1) the Department of Education, school districts, and the Office of Higher Education to improve educational outcomes
(2) the Department of Health, the Department of Commerce, the Department of Human Services, the health sector, and community organizations to improve health outcomes

(3) the Department of Employment and Economic Development, local community and economic development agencies, the Itasca Project, and employers to improve economic development and employment
(4) the Department of Corrections and local correctional facilities to support successful community reintegration and reduce recidivism

Align and Leverage Resources and Programs

(1) Create cross-sector programs, such as Homework Starts with Home, which provides housing assistance to support homeless families with school age students
(2) Work with the health sector and encourage investment in housing to improve health outcomes

Improve Minnesota's Environment

(1) Actively participate in the Governor's Climate Subcabinet and develop a more comprehensive climate strategy for Minnesota Housing
(2) Enhance our existing sustainability standards, such as Enterprise Green Communities, to promote the development and rehabilitation of sustainable and resilient homes
(3) Work with our asset management team to continue providing sustainability education and supporting owners, managers and residents of existing buildings
(4) Assess our work with an environmental justice lens, finding equitable housing solutions to minimize the impact of climate change on the most vulnerable populations
(5) Leverage all available resources, such as utility incentives, city-based sustainability programs and other partnerships

Actively Participate in the Walz-Flanagan Administration's Interagency Initiatives

(1) Fully engage in the homelessness, equity and inclusion, children, criminal justice, and climate initiatives
(2) Take a leadership role in the work to end homelessness

Preserve and Create Housing Opportunities

Preserve the Condition and Affordability of Existing Housing

Key Metrics:

- *Number of existing rental units affordable to households with an income at or below 50% of the area median income (AMI)*
- *Number of units with federal project-based rent assistance*
- *Number of existing homes valued at $250,000 or less*

Existing housing is typically the most affordable, and preserving it is more cost effective than building new. Segments of existing affordable housing are at risk of being lost, either to rent or price increases or to deterioration. For example, project-based Section 8 units were built about 40 years ago and often have deferred maintenance; and about 10,000 of the 30,000 Section 8 units in Minnesota have contracts that expire in the next four years, when they could convert to market-rate rents. Fortunately, we have had great success in renewing contracts. We also estimate that Minnesota annually loses about 2,000 units of naturally occurring affordable housing (NOAH) after a sale, rehabilitation, and rent increases occur, which often results in the displacement of lower-income residents. Finally, 18% of the state's owner-occupied homes have a value of less than $125,000.[5] While quite affordable, these homes often need significant repairs.

Identify the Housing Most at Risk of Being Lost

(1) Use data from our systems, U.S. Department of Housing and Urban Development, U.S. Department of Agriculture – Rural Development, Census Bureau, Minnesota Department of Revenue, HousingLink, CoStar, and local data sources

(2) Work with interagency stabilization teams and preservation groups to assess needs and risks

Streamline, Simplify and Expand Programs

(1) Make programs and funds easier to access and use

(2) Increase program flexibility so that they can be used to meet evolving needs in different situations

(3) Expand financing options for Naturally Occurring Affordable Housing (NOAH)

(4) Expand existing programs, such as the Rehabilitation Loan and Rental Rehabilitation Deferred Loan programs, to better serve communities

Market and Provide Information about Preservation Resources

(1) Find simple ways to summarize and present the full range of preservation resources that are available

(2) Systematically get the information into the hands of the people needing the resources for themselves or their community

Increase Preservation Capacity Across the State

(1) Help communities to identify their preservation needs
(2) Support efforts to increase the number of developers in Greater Minnesota and contractors statewide doing preservation work

Secure Additional Resources

(1) Advocate for new and/or expanded funding from federal and state sources
(2) Encourage localities to invest in housing
(3) Explore options for expanding the availability of purchase-rehabilitation loans for owner-occupied homes
(4) Make resources available to serve homeowners with extremely-low to moderate incomes

Increase the Development of New Housing that is Affordable

Key Metrics:

- *Number of new rental units funded by Minnesota Housing with rents affordable to households with in-comes (1) at or below 30% of the area median income (AMI), and (2) between 31% and 50% of AMI*
- *Number of new owner-occupied homes funded by Minnesota Housing selling for $250,000 or less*
- *Number of new owner-occupied and rental homes financed by Minnesota in Greater Minnesota communities with substantial job growth*

To create and sustain a healthy housing market, the 2018 Housing Task Force called for the development of 300,000 new housing units in Minnesota by 2030 across all types and price points; however, the greatest need is for housing that is affordable for low-income families. Only 24% of renter households with an income at or below 30% of the area median income are in a home they can afford.[6] The month-supply of homes selling for $250,000 or less is only 1.4 months, when a five-month supply is considered a healthy and balanced market.[7] Expanding the supply of housing that is affordable is critical because most lower-income households just need an affordable place to live.

Increase Funding

(1) Demonstrate the impact that housing investments have on people's lives and community prosperity
(2) Work with Congress and the State Legislature to increase funding
(3) Encourage localities to invest in housing
(4) Partner with and encourage businesses and employers to invest in housing, recognizing that housing affordable for their workforce is a competitive advantage
(5) Effectively leverage existing funding

Innovate and Reduce the Cost of Housing Production

(1) Partner with others to use technology and innovation to increase housing construction productivity, which could include modular or panelized construction and even 3-D printing
(2) Support strategies to increase the number of contractors and people working in the building trades
(3) Review and adjust our design and construction standards
(4) Encourage local units of government to evaluate their policies and regulatory costs to promote a full range of housing options in their communities, including duplexes, triplexes, quads, condominiums, townhomes, accessory dwelling units and other higher density housing
(5) Focus on life-cycle costs, including durability, maintenance and utility costs

Streamline and Simplify Programs

(1) Carry out the same actions listed under this strategy in the previous preservation section, with a focus on new construction

Increase Access to Rental Assistance

Key Metrics:

- *Number of rental assistance vouchers or Housing Supports in Minnesota*
- *Share of Housing Choice Vouchers successfully placed*

Rental assistance is the most direct approach to making housing affordable. Renters pay what they can afford, and the subsidies cover the rest. However, demand for the assistance grossly outstrips the supply. Minnesota has only 42,000 vouchers or similar supports for renter households,[8] while another 220,000 households with very-low incomes currently have rents that are unaffordable.[9] In addition, a voucher does not guarantee success in finding a unit in today's competitive rental market. In 2018, 54% of renters served by the Metro HRA who started receiving a Housing Choice Voucher were unable to find a home to use it.[10] With very low vacancy rates and multiple people competing for an available home, landlords can be very selective, and some refuse to rent to people with vouchers.

Manage and Target Existing Assistance

(1) Better understand the full scope and nature of the assistance that is available, including Housing Choice Vouchers, Housing Trust Fund, Bridges, Section 811, HUD-VASH, Housing Supports, Rapid Rehousing and others
(2) Maximize the benefit of existing resources by working with partners to match tenants with the type of assistance that will be most effective for them

Increase the Acceptance of Vouchers

(1) Incentivize landlords to accept households with rental assistance
(2) Support solutions that increase acceptance of vouchers and make it illegal to discriminate against individuals and families that have vouchers
(3) Advocate for housing navigation services

Advocate for Additional Rental Assistance

(1) Advocate for new and/or expanded funding from federal, state and local sources
(2) Evaluate the effectiveness of rental assistance in improving people's lives, including in the areas of education, employment and health

Support and Preserve Manufactured Housing

Key Metrics:

- *Number of Minnesota households living in manufactured housing*
- *Number of manufactured home communities lost annually in Minnesota*

Manufactured housing is a critical component of Minnesota's housing supply. The median monthly housing cost for someone owning a manufactured home with a mortgage is only $982, versus $1,502 for other homeowners with a mortgage and $937 for renters.[11] Currently, about 57,000 Minnesota households live in manufactured housing,[12] and Minnesota has 45,000 sites in manufactured home communities where the land is leased.[13] Other homes are on private land. In the last three years, Minnesota has lost 770 manufactured home sites through closures.[14] Manufactured home residents face challenges that are not easily addressed through traditional housing finance tools. The challenges include home conditions and a backlog of infrastructure needs, such as utility and road maintenance, in manufactured home communities.

Create a Manufactured Housing Team and Structure

(1) Bring together expertise from different parts of Minnesota Housing
(2) Deploy resources proactively to address issues as they arise

Enhance External Partnerships and Collaborate

(1) Partner with local governments and communities, Northcountry Cooperative Foundation, All Parks Alliance for Change, ROC USA, the Manufactured and Modular Home Association of Minnesota, Pueblos de Lucha y Esperanza and others
(2) Develop and implement cross-sector strategies

Create a Comprehensive Strategy

(1) Finance manufactured home communities, including purchase and infrastructure improvements
(2) Finance individual homes, including purchase, rehabilitation, relocation, and replacement
(3) Identify and support regulatory changes and model ordinances that address zoning and the rights of residents
(4) Support cooperatively-owned manufactured home communities and build capacity for sustainable management
(5) Work with other state and local agencies and community organizations to coordinate funding for community needs, such as storm shelters, community rooms and playgrounds

MAKE HOMEOWNERSHIP MORE ACCESSIBLE

Address Homeownership Barriers and Reduce Disparities

Key Metrics:

- *Annual number of home mortgages purchased by Minnesota Housing*
- *Minnesota Housing's annual lending to households of color and indigenous communities*
- *Homeownership rates by race and ethnicity by income level*

Homeownership is the primary way that most Minnesotans build wealth. According to the Joint Center for Housing Studies at Harvard University, each year of successful homeownership increases household wealth by about $10,000.[15] However, poor credit, limited savings and income, limited knowledge and trust of the mortgage industry, discrimination, limited access to financing, and other factors create barriers to successful homeownership. While Minnesota has the third highest homeownership rate in the country, it also has the fourth largest disparity in homeownership rates between white/non-Hispanic households and households of color, and the disparity has been persistent.[16] While we have made significant progress in increasing our lending to households of color and indigenous communities, the entire industry needs to do more to reduce the disparity. With about 64,000 renter households of color or from indigenous communities in Minnesota between the ages of 25 and 44 (prime first-time homebuyers) who are potentially income-ready to buy, there is the opportunity for significant improvement.

Model What it Will Take to Significantly Reduce the Homeownership Disparity

(1) Identify how many additional households of color or from indigenous communities would need to become successful homeowners to achieve a homeownership rate goal
(2) Determine the share that we will address versus the overall industry
(3) Identify the program changes that we will make to achieve the goal
(4) Determine how we can support the overall industry to do its part

Improve Marketing and Outreach

(1) Continue to refine and enhance the work of our Business Development (outreach) team
(2) Pursue more direct-to-consumer marketing, social media, and events to dispel myths and increase awareness of our programs and that homeownership is possible, particularly for millennials, who are the prime first-time homebuyers
(3) Create specific marketing strategies to reach the 64,000 households of color or from indigenous communities who may be ready to buy
(4) Increase awareness of our programs among real estate agents and lenders

(5) Engage more homeownership advisors, real estate agents, lenders and other industry professionals to serve more households of color and indigenous communities
(6) Engage employers and community groups with employees and members of color or from indigenous communities

Provide Comprehensive Homebuyer and Post-Purchase Support

(1) Find ways to bring training and education into schools
(2) Work with the Homeownership Center and its network of homeownership advisors in providing education, counseling and financial coaching that meets the needs of homebuyers/owners, particularly households of color and indigenous communities
(3) Expand our Homeownership Capacity program, which is intensive and longer-term financial coaching that is effectively reaching and serving households of color and indigenous communities

Increase the Inventory of Affordable Homes for Sale

(1) Support the creation of more affordable options, including manufactured or modular housing, townhomes, condominiums, cooperatives, etc.
(2) Advocate for more funding to develop and subsidize owner-occupied housing
(3) Work with others to reduce the cost of housing development, which could include reducing regulatory costs and increasing construction productivity
(4) Support strategies to increase the number of contractors and people working in the building trades

Provide Affordable and Accessible Financing

(1) Continue refining our homebuyer and home-improvement programs each year to match market conditions and borrower needs, particularly for households of color and indigenous communities
(2) Build off of our current successes, which includes 65% of our Deferred Payment Plus Loans (enhanced downpayment assistance) going to households of color and indigenous communities
(3) Explore options for expanding the availability of purchase-rehabilitation loans
(4) Expand our lender network to support more lending throughout the state, particularly in communities of color and indigenous communities

Lead the Overall Mortgage Industry

(1) Demonstrate to the mortgage industry strategies and programs that successfully serve households of color and indigenous communities
(2) Provide leadership for the Homeownership Opportunity Alliance (HOA), an industrywide coalition, to increase homeownership by households of color and indigenous population

SUPPORT PEOPLE NEEDING SERVICES

Effectively Link Services with Housing

Key Metric: Share of service providers in our supportive housing portfolio that have the capacity to bill Medical Assistance for housing-related services

Housing with services is an important part of our work, particularly the interagency work through the Office to Prevent and End Homelessness and the Olmstead Implementation Office, which coordinates state agencies' work to help people with disabilities live, learn and work in integrated settings. For some people, effectively linking services with housing is critical to obtaining and maintaining housing stability. On a given day, 77% of adults experiencing homelessness suffer from a mental illness, chemical dependency, and/or a chronic health condition.[17]

We have contracted with an external consultant to evaluate the portfolio of permanent supportive housing that we have financed, which has reached about 5,000 housing units. The evaluation recommendations, which are due early in 2020, will inform and refine the following strategies and actions.

Better Align Housing and Services Funding

(1) Work with the Department of Human Services (DHS) to better align its service funding and our funding for housing development
(2) Collaborate with DHS to promote and implement the new authority that the state received in 2019 from the federal government to use Medical Assistance to pay for certain housing-related services
(3) Support efforts to increase the capacity of housing and service providers to access, use and bill for support services, including Medical Assistance and Housing Supports

Build the Capacity of Developers to Provide Supportive Housing

(1) Encourage developers who are new to providing supportive housing to receive training so they can create and manage supportive housing successfully
(2) Expand the use of our Supportive Housing Information and Resources guide
(3) Provide technical assistance and resources
(4) Review Agency assumptions regarding supportive housing financing and cash flow

Build the Capacity of Service Providers to Deliver Effective Services

(1) Support providers in obtaining training and increasing their service fidelity
(2) Provide fidelity standards for supportive housing services
(3) Support efforts to increase the cultural competency of service providers and the services they provide

(4) Explore the possibility of incorporating technology and telehealth into supportive housing
(5) Support efforts to increase the number of people working in supportive services

Prevent and End Homelessness

Key Metrics:

- *Number of people experiencing homelessness, by population (chronic, families with children, veterans, youth, sleeping outside, etc.)*
- *Homelessness disparities by race and disability status*

In Minnesota, roughly 8,000 people are homeless each night. While over 6,000 of them find shelter for the night, an estimated 1,650 people sleep outside without shelter, an increase of 125% since 2015.[18] A person of color or indigenous individual in Minnesota is nearly ten times more likely to experience homelessness than a person who is white/non-Hispanic.[19] Because homelessness can be traumatic for children and have a life-long impact, we will collaborate with the Interagency Council on Homelessness and Children's Cabinet to prevent and end homelessness among children, youth and families.

Homelessness is the most severe form of housing instability and encompasses many societal failures – a woefully inadequate supply of housing that is affordable, an unequitable housing system, disparities, trauma, and the intersection of housing, physical and behavioral health, employment, and education. The state has responded, but the severity of the housing crisis remains a significant challenge.

Lead the Interagency Council on Homelessness

(1) Implement Heading Home Together: Minnesota's 2018 – 2020 Action Plan to Prevent and End Homelessness and subsequent plans
(2) Build support to end homelessness across the state
(3) Coordinate, align, and leverage work across state agencies, systems and sectors
(4) Make data-driven and evidence-based decisions

Create more Deeply Affordable Housing Opportunities

(1) Build more permanent supportive housing, especially for populations that have been historically underserved
(2) Advocate for expanding the availability of rental assistance, including Housing Trust Fund, Bridges and Housing Supports
(3) Incentivize building more deeply affordable housing that is affordable for those with the lowest-incomes

Preserve Existing Housing that is Deeply Affordable

(1) Carry out the actions in the housing preservation section of this plan, prioritizing deeply affordable housing
(2) Implement recommendations from the evaluation of our permanent supportive housing portfolio, which will be released early in 2020

Focus and Target Resources

(1) Prioritize coordinated grant-making by streamlining, coordinating and consolidating homeless funding processes so that community partners can more effectively access resources
(2) Improve the effectiveness of Coordinated Entry, which is a process for matching people with available resources
(3) Evaluate, improve and expand the homeless prevention targeting tool
(4) Continue implementing "Step Down", which is a process of reducing assistance for people who no longer need full supportive housing, freeing up resources for others

Reduce Barriers to Accessing Housing

(1) Support solutions that increase housing stability and access such as renter protections and renter screening that is guided by evidence-based research
(2) Advocate for additional housing navigation services
(3) Expand incentives for landlords to house people facing barriers (for example, Landlord Risk Mitigation Funds)

Support People with Disabilities

Key Metric: Share of people participating in Minnesota Housing programs who have a disability

The State of Minnesota is committed to ensuring that people with disabilities have meaningful opportunities to live, learn, and work in integrated settings. A crucial component of that commitment is access to affordable, accessible housing that is supported by appropriate services. People with disabilities should have the opportunity to choose where they live, with whom, and in what type of housing. Individuals should have a meaningful opportunity to choose to have a lease or own their own home, and to live in the most integrated setting appropriate to their needs. Supports and services should allow sufficient flexibility to support individuals' choices on where they live and how they engage in their communities.

Minnesota adopted an Olmstead Plan in 2015, which includes measurable goals related to housing, services, transportation, and a number of other factors that impact the ability of individuals with disabilities to live in integrated settings. Progress has been made, and between July 2014 and June 2018, there were an additional 3,852 people with disabilities living in integrated housing of their choice. But much more work needs to be done, and the continued shortage of affordable housing across the state is a barrier that must be addressed.

Create more Housing Opportunities for People with Disabilities

(1) Facilitate the development of affordable housing for individuals with disabilities
(2) Identify resources, such as HIB, that can provide supportive housing for individuals with disabilities
(3) Identify new models and funding sources that can be used to increase affordable, accessible, and integrated housing options across the state, including both rental and homeownership

Link Housing with Services

(1) Coordinate with the Department of Human Services and other state agencies to help ensure affordable housing units financed by us can include appropriate services for individuals with disabilities
(2) Support and build the capacity of developers to create and operate affordable housing options for individuals with disabilities

Reduce Barriers to Accessing Housing

(1) Identify opportunities to facilitate accessibility improvements in existing units and promote the development of new accessible units
(2) Pursue resources to provide rental assistance and other financial options to make housing more affordable for individuals with disabilities
(3) Continue to seek federal Section 811 resources
(4) Promote less restrictive tenant screening practices and the landlord risk mitigation fund to increase access to housing options

Facilitate Interagency Actions

(1) Continue to actively participate in and chair the Olmstead Subcabinet
(2) Host and staff the Olmstead Implementation Office, which helps administer the Minnesota Olmstead Plan
(3) Seek, and actively participate in, cross-agency initiatives to improve opportunities for individuals with disabilities to live in integrated housing options of their choosing
(4) Meaningfully engage with individuals with disabilities to identify housing-related needs and propose solutions

Support Older Minnesotans

Key Metrics:

- *Number of senior homes rehabilitated through the Rehab Loan Program, Fix-Up Fund, and Impact Fund*
- *Number of senior rental housing units developed with Minnesota Housing funds*

Over the next 17 years, the number of Minnesotans age 65 or older will increase by about 400,000, which will create new housing challenges.[20] Initially, as baby boomers retire, they likely will live independently and age-in-place, but as they get older and disabilities increase, the housing demands will become more complex. We will take steps to provide older Minnesotans with a range of housing and support options as their needs change.

Support Older Minnesotans to Age in Place

(1) Assist seniors in retrofitting and repairing their homes through the Rehabilitation Loan Program, Fix-Up Fund, and Impact Fund
(2) Rehabilitate existing senior rental housing
(3) Partner with the Department of Human Services (DHS), Minnesota Board on Aging, Community Action Agencies, and others to assist seniors in receiving the in-home services they need
(4) Find innovative models that holistically combine home repair and in-home services

Develop More Housing for Older Minnesotans that is Affordable

(1) Build more senior rental housing
(2) Require the housing to have a services component – at a minimum, a tenant service coordinator
(3) Focus on deeply affordable units for the lowest-income seniors
(4) Develop smaller, owner-occupied homes with accessibility features to enable seniors to downsize.

Investigate Alternative and Innovative Approaches

(1) Support the use of existing housing, including accessory dwelling units (mother-in-law apartments), home sharing (older Minnesotans renting a room to a younger roommate, who can help with household chores), shared housing (seniors living in a home together), and multigenerational housing
(2) Examine models that effectively combine housing and health care and lower overall costs, such as the Support and Services at Home (SASH) model in Vermont

Partner with the Department of Human Services (DHS) and Others

(1) Develop a coordinated strategy with DHS that aligns and leverages each agency's expertise and resources
(2) Collaborate to address shortages in home improvement contractors and in-home service staff

STRENGTHEN COMMUNITIES

Strengthen Disinvested Communities

Key Metrics:

- *Number of RFP development awards going to Greater Minnesota communities that have not received an award in the last five years*
- *Number of census tracts in Minnesota that are classified as Qualified Census Tracts, which are low-income, high-poverty areas*

Some communities in Minnesota struggle to receive the investments they need to thrive, which includes communities with lower incomes, limited job growth, declining populations, market rents that do not support the cost of new construction, a stagnant housing market, and/or a limited capacity to access resources. These communities have housing needs, and the market is not addressing them.

Improve Community Engagement

(1) Engage disinvested communities on a regular and ongoing basis
(2) Listen
(3) Act on what we learn

Enhance Capacity-Building Efforts

(1) Support communities in assessing their housing needs and then develop and carry out solutions
(2) Expand our program delivery structure by supporting organizations from disinvested communities in accessing and using housing resources
(3) Better coordinate and leverage the work of the housing intermediaries that we fund to build capacity
(4) Work with communities to enhance and leverage their resources, including stronger connections, partnerships, and supports

Make Programs Easier to Access

(1) Simplify and streamline existing programs that serve these communities
(2) Explore options for creating programs that work better for smaller organizations and communities and in rural Minnesota

Bolster Cross-Sector Community Development Work

(1) Support communities in carrying out comprehensive development strategies that incorporate housing, employment, education and services by better coordinating our work with the Departments of Employment and Economic Development, Education, Health, and Human Services, as well as the Metropolitan Council

(2) Focus investments on benefitting people currently in the communities and minimize displacement.

Support Tribal Nations and Indigenous Communities

Key Metric: American Indian disparities in housing cost-burden, homeownership, poverty, and homelessness

American Indians and Tribal nations have the wisdom and commitment to meet their housing needs; however, oppression, historical trauma, discrimination, and disinvestment have held them back. Compared with non-Hispanic whites in Minnesota, American Indians are two times less like to be homeowners, four times more likely to be in poverty, and over 20 times more likely to experience homelessness.[21] Recognizing the sovereignty of Tribal nations, we must do a better job of working with them in meeting the housing needs of American Indians living on Tribal lands and throughout Minnesota.

Implement our Tribal Consultation Policy and Create an Implementation Plan

(1) Building off the recently-revised Tribal Consultation Policy, create and implement a plan that focuses on engagement, trust, empowerment, support, action, and outcomes

Support Tribal Housing Plans

(1) Understand each Tribe's housing plan
(2) On a plan-by-plan basis, work with Tribes to identify ways we can support them

Increase Tribal Access to Program Resources

(1) Allocate more resources directly to Tribes (for example, Tribes recently became an administrator of the Family Homelessness Prevention and Assistance Program)
(2) Provide Tribes sufficient resources to administer these programs
(3) For other programs, contract with administrators with a history of effectively partnering with Tribes and serving American Indians

Support Tribes in Building their Program Capacity

(1) Tailor capacity building efforts to the needs of Tribes

Increase the Tribal Expertise of Minnesota Housing Staff

(1) Increase staff participation in Tribal training
(2) Have staff who effectively work with Tribes serve as mentors for other staff
(3) Regularly engage and visit Tribes and communities

Conclusion

Minnesota Housing has just over 250 staff. These objectives and actions are a lot for a mid-sized agency to implement, even over the course of the next three years. We believe that if we and our partners do this work together with the right investments, these actions could reverse the growing housing challenges that face Minnesotans in all parts of the state. Collectively, they would correct the inequities that impact communities of color, indigenous populations, and people with disabilities, and anticipate the housing needs of the growing number of seniors. And if we are able to accomplish these objectives, we would help all Minnesotans thrive.

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[1] Minnesota Housing Analysis of data from the U.S. Census Bureau, *American Community Survey* (1-Year Sample, 2018). Lower-income is defined as less than $50,000 of annual income.

[2] Minnesota Housing Analysis of data from the U.S. Census Bureau, *American Community Survey* (1-Year Sample, 2018).

[3] Minnesota Housing Analysis of data from the U.S. Census Bureau, *American Community Survey* (1-Year Sample, 2017), and HUD's 2018 Point-in-Time count of the homeless population.

[4] Family Housing Fund, *Housing and Economic Growth in the Twin Cities Region* (Minneapolis: Family Housing Fund, 2019), p. 6.

[5] Minnesota Housing Analysis of data from the U.S. Census Bureau, *American Community Survey* (1-Year Sample Microdata, 2017).

[6] U.S. Department of Housing and Urban Development (HUD), 2012-2016 CHAS data.

[7] Minneapolis Area Association of REALTORS, June 2019 supply.

[8] This includes about 38,000 rent assistance vouchers (Housing Choice Vouchers, HUD-VASH, Section 811, Housing Trust Fund, Homework Starts with Home, and Bridges) and 4,000 Housing Supports in a community setting. In Minnesota, another 50,000 households receive project-based rental assistance or are in public housing.

[9] U.S. Department of Housing and Urban Development (HUD), 2012-2016 CHAS data. "Very-low income" is defined as 50% of the area median income (AMI) or less. Affordability is defined as spending no more than 30% of gross income on housing.

[10] Based on vouchers administered by the Metro Housing and Redevelopment Authority (HRA).

[11] Minnesota Housing Analysis of data from the U.S. Census Bureau, *American Community Survey* (1-Year Sample Microdata, 2017). The American Community Survey uses the term mobile home or trailer.

[12] Minnesota Housing Analysis of data from the U.S. Census Bureau, *American Community Survey* (1-Year Sample Microdata, 2017). The American Community Survey uses the term mobile home or trailer.

[13] Victoria Clark, *Data Matters: Understanding the Role of Manufactured Home Communities in the Affordable Housing Continuum* (Northcountry Cooperative Foundation and the Center for Urban and Regional Affairs (CURA) at the University of Minnesota: March 2019).

[14] Victoria Clark, *Data Matters: Understanding the Role of Manufactured Home Communities in the Affordable Housing Continuum* (Northcountry Cooperative Foundation and the Center for Urban and Regional Affairs (CURA) at the University of Minnesota: March 2019), p. 7.

[15] Christopher E. Herbert, Daniel T. McCue, and Rocio Sanchez-Moyano, *Is Homeownership Still an Effective Means of Building Wealth for Low-Income and Minority Households? (Was it Ever?)* (Harvard University, Joint Center for Housing Studies, September 2013), p. 46.

[16] U.S. Census Bureau, *American Community Survey* (2018, 1-yr Sample).

[17] Wilder Research, *Homelessness in Minnesota: Findings from the 2015 Minnesota Homelessness Study* (November 2016), p. 33.

[18] HUD's 2019 Point-in-Time count of the homeless population
[19] Minnesota Housing Analysis of data from the U.S. Census Bureau, *American Community Survey* (1-Year Sample, 2017), and HUD's 2018 Point-in-Time count of the homeless population.
[20] Minnesota Housing analysis of projection data from the Office of the State Demographer.
[21] Minnesota Housing Analysis of data from the U.S. Census Bureau, *American Community Survey* (1-Year Sample, 2017), and HUD's 2018 Point-in-Time count of the homeless population.

Board Agenda Item: 7.A
Date: 1/28/2021

Item: Deferred Payment Loan and Deferred Payment Loan Plus Loan Amount Changes

Staff Contact(s):
Krissi Mills, 651.297.3121, Krissi.mills@state.mn.us
Laura Bolstad Grafstrom, 651.296.6346, Laura.bolstad.grafstrom@state.mn.us

Request Type:

☒ Approval
☒ Motion
☐ Resolution

☐ No Action Needed
☐ Discussion
☐ Information

Summary of Request:
Staff requests board approval for increases to the Deferred Payment Loan (DPL) and Deferred Payment Loan Plus (DPL+) program maximum loan amounts and updates to the corresponding procedural manual.

Fiscal Impact:
The Agency earns income from our homeownership programs, earning a spread by financing the acquisition of the mortgage-backed securities through the issuance of bonds. The DPL program supports Start Up first mortgage production, is largely funded out of Pool 3, and the loans are non-amortizing and carry a 0% interest rate. Loan repayment is due upon home sale, refinance or at loan maturity. Increasing the maximum loan size for DPL/DPL+ loans will support ongoing first mortgage production, which builds future sustainability of the Agency's financial condition.

Meeting Agency Priorities:
☐ Improve the Housing System
☒ Preserve and Create Housing Opportunities
☐ Make Homeownership More Accessible
☐ Support People Needing Services
☒ Strengthen Communities

Attachment(s):
- Background
- Request Details

BACKGROUND
The Deferred Payment Loan and Deferred Payment Loan Plus programs are zero percent interest deferred loans that are repaid when the first mortgage is paid in full or the maturity date is reached. The Deferred Payment Loan and Deferred Payment Loan Plus options support our lowest income first time homebuyers. During the 2020 Affordable Housing Plan (AHP) year, 30% of Deferred Payment Loans went to Black, Indigenous, and people of color (BIPOC) communities. The Deferred Payment Loan Plus program is even more successful at serving BIPOC communities, with 66% of Deferred Payment Loan Plus loans going to BIPOC households in the 2020 AHP. To qualify for the higher loan amount the Deferred Payment Loan Plus program provides, the borrower must meet two of four targeting criteria: household of four or more people; household member with a disability; front-end ratio of 28% or higher; or a sole head of household with at least one eligible dependent residing in the household. Increasing the maximum downpayment and closing cost loan amount available to these borrowers enhances the ability of the Agency to reach its mission goals for serving BIPOC communities.

As part of the annual program review process, staff evaluated market conditions and borrower information to determine if the Agency's downpayment and closing cost loan programs are meeting borrower needs in the current market. Purchase prices have continued to increase year over year, and the shortage of inventory, especially at the $250,000 price level or below, has made competition for entry level homes even more challenging. Borrowers may not be able to achieve homeownership this buying season if our downpayment and closing cost loan amounts do not keep up with rising entry costs. This need to come up with additional resources may especially negatively impact BIPOC communities, who typically have lower accumulated wealth.

REQUEST DETAILS
Staff recommends an increase to the maximum loan amounts under both the Deferred Payment Loan and Deferred Payment Loan Plus programs. This change will result in the following modifications to the Start Up Procedural Manual.

	Current Maximum	**New Maximum**
Deferred Payment Loan	$ 10,000	$ 11,000
Deferred Payment Loan Plus	$ 13,000	$ 15,000

START UP PROCEDURAL MANUAL

Section 7.01 of the Start Up Procedural Manual will be updated with the red-lined changes below to reflect the increased DPL and DPL+ maximum loan amounts. The entire procedural manual can be found here.

7.01 Deferred Payment Loan Program

- The Deferred Payment Loan program is available to Lenders who participate in the Start Up Program. The two Deferred Payment loan options available are:
  - Deferred Payment Loan
  - Deferred Payment Loan Plus

The Deferred Payment Loan Program provides funds to pay for eligible expenses including downpayment and closing costs. It may also be used for additional downpayment beyond the minimum downpayment requirement dictated by the loan product. The Deferred Payment Loan and the Deferred Payment Loan Plus:

- Are available only in conjunction with a first mortgage loan purchased by U.S. Bank – HFA Division under the Start Up Program
- May be combined only with the Start Up Program with a 30-year term
- Are a junior lien
- Must be paid in full when, among other things:
  - The maturity date of the Deferred Payment Loan is reached
  - The property is sold or transferred
  - The first mortgage is paid in full, upon a refinancing or otherwise
  - The first mortgage is in default or is declared to be due and payable in full
- Cannot be assumed

The Deferred Payment Loan:

- Is available in whole dollar amounts up to $~~10,000~~ $11,000

The Deferred Payment Loan Plus:

- Is available in whole dollar amounts up to $~~13,000.~~ $15,000

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MINNESOTA HOUSING

Board Agenda Item: 7.B
Date: 1/28/2021

Item: Commitment, Low and Moderate Income Rental Loan (LMIR), and Low and Moderate Income Rental Bridge Loan (LMIRBL)
- North Moorhead Village, D8118, Moorhead, MN

Staff Contact(s):
Jimena Dake, 651.296.7991, jimena.dake@state.mn.us

Request Type:

☒ Approval
  ☒ Motion
  ☒ Resolution

☐ No Action Needed
  ☐ Discussion
  ☐ Information

Summary of Request:
At the November 21, 2019 Board meeting, the proposed development was selected for further processing under the Low and Moderate Income Rental (LMIR) program under Resolution Number 19-073. At that same meeting, the development was selected for deferred funding under HOME and Economic Development and Housing Challenge (EDHC) program under Resolution Number 19-072. Agency staff completed the underwriting and technical review of the proposed development and recommends the adoption of a resolution authorizing the issuance of a Low and Moderate Income Rental (LMIR) commitment in the amount of up to $2,409,000 and a Low and Moderate Income Rental Bridge Loan (LMIRBL) commitment not to exceed $5,485,000.

All commitments are subject to the terms and conditions of the Agency term letter.

Fiscal Impact:
The LMIR loan is funded from Housing Investment Fund Pool 2 resources. Minnesota Housing will earn interest income on the loan without incurring financing expense. Minnesota Housing will also earn interest rate spread income on the LMIRBL, and both the bridge loan and the permanent loan will generate additional fee income.

Meeting Agency Priorities:
☒ Improve the Housing System
☒ Preserve and Create Housing Opportunities
☐ Make Homeownership More Accessible
☒ Support People Needing Services
☒ Strengthen Communities

Attachment(s):
- Development Summary
- Resolution
- Resolution Attachment: Term Letter

DEVELOPMENT SUMMARY

SECTION I: PROJECT DESCRIPTION AND RECOMMENDATIONS

Project Information				
Development Name	North Moorhead Village		**D#8118**	**M#18227**
Address	2751 8th Avenue North			
City	Moorhead	**County**	Clay	
Date of Selection	November 21, 2019	**Region**	West Central	

A. Project Description and Population Served

- The development involves the new construction of 46 units in a three-story elevator building offering 1-bedroom, 2-bedroom, 3-bedrooms, and 4-bedrooms.
- The development will provide workforce and permanent supportive housing for single and family households.
- The development will serve households with incomes that range from 30% to 60% multifamily tax subsidy project (MTSP). Four units will serve high priority homeless (HPH) and six units will serve people with disabilities (PWD).
- Ten units will benefit from project-based Housing Support income supplement.
- Ten units will be deeply affordable to households at 30% MTSP.
- The developer is Commonwealth Development Corporation of America, an experienced affordable housing developer based in Middleton, WI.

B. Mortgagor Information

Ownership Entity:	North Moorhead Village, LLC
Sponsor:	Commonwealth Development Corporation of America
General Partner(s)/ Principal(s):	North Moorhead Village MM, LLC
Guarantor(s):	Commonwealth Holdings, LLC Commonwealth Development Corporation of America Commonwealth Construction Corporation

C. Development Team Capacity Review

Sponsor/Developer

Commonwealth Development Corporation of America (Commonwealth) has completed 40 projects and 1,288 units of multifamily affordable housing that are similar in size and scope to the proposed development. There are three projects completed to date by Commonwealth in the State of

Minnesota. Based on the current experience of developments in-progress, Minnesota Housing staff deems Commonwealth acceptable as a developer.

Management Company

Commonwealth Management Corporation (CMC) will serve as the property manager of this project and is a related entity to Commonwealth Development Corporation of America. The company currently has 4,100 units under management across the United States, with properties located in Wisconsin, Indiana, Colorado, Texas, Oklahoma, and Iowa. Minnesota Housing does not have previous experience working with CMC. Based on the information provided, CMC has the capacity to manage the proposed development.

Service Provider

Commonwealth is partnering with Lakes and Prairies Community Action Partnership to provide services and outreach through Clay County Social Services to serve individuals eligible for housing support. Lakes and Prairies Community Action, through their involvement with the Minnesota Department of Human Services Community Living Infrastructure grant program, provides outreach services for people with disabilities and housing instability who want to live in the community. Through this effort, individuals will be identified for potential referral for a Housing Support unit. The organization has been in operation since 1965 and has an excellent track record of providing social services in the area.

Architect/General Contractor

M+A Design, Inc. has been selected as the architect of record for this project. They have submitted an updated qualification form and have sufficient capacity. M+A Design, Inc. is owned by Commonwealth Development Corporation of America. There is an identity of interest between the architect of record and developer.

Commonwealth Construction Corporation has been selected as the general contractor for this project. As with the architect of record, there is an identity of interest between the general contractor and developer. A qualification form for this company was submitted to Minnesota Housing on May 27, 2020. The company has been in operations since 2002 and has successfully complete fifty-six (56) multifamily projects across seven states.

Both entities have sufficient capacity to complete North Moorhead Village.

D. Funding Recommendation

Loan Type	Source	Amount	IR	MIP	Term	Amort	Recourse	Lien Priority	Const. or End Loan	Cash Flow Prov.
LMIR Bridge (LMIRBL)	Minnesota Housing TEB	$ 5,485,000	Bond Rate + 1.00%	N/A	No More 27 Months	N/A	Y	1st	Construction	No
LMIR Permanent	Pool 2	$ 2,409,000	4.25%	.0125%	40-Year	40-Year	N	1st	End Loan	No

- The LMIRBL will be funded with Minnesota Housing tax exempt bonds, utilizing Private Activity Bond Cap, for an approximately 27-month term during the construction period.
- The LMIR first mortgage 50% HUD risk-share permanent loan is to be funded upon payoff of the LMIRBL. Based on current Minnesota Housing underwriting, the project can support the increased loan amount with a 40-year term, fully amortized, at an interest rate of 4.25%. The LMIR permanent loan must close by March 31, 2023.
- The development will qualify for an estimated $377,889 of annual 4% tax credits, providing an estimated $3,544,116 of equity proceeds from Cinnaire. The term of the LURA will be 40 years.

First Mortgage Loan to Cost: 22% **First Mortgage Loan to Value: 86%**

E. Significant Changes Since Selection

1. The project's annual Net Rental Income has increased by $34,853 per year, or 9% from the proposed underwriting at selection. The increase in income resulted from updated rent limits and utility allowances for Clay County. The Housing Support rents were also increased to align with current Minnesota Housing underwriting standards.
2. Reserves have increased by $70,000 or 27%, as the HTC investor is requiring additional rent up reserves to cover potential delays in leasing the project.
3. The price per credit paid by the tax credit investor increased by $0.06 from $0.88 to $0.94, which increased the estimated amount of equity proceeds.

SECTION II: FINAL SOURCES AND USES; FINANCING DETAILS

A. Project Uses

Description	Amount	Per Unit
Acquisition or Refinance	497,957	10,825
Construction Costs	8,232,673	178,971
Environmental Abatement	0	0
Professional Fees	639,664	13,907
Developer Fee	810,000	17,609
Financing Costs	552,389	12,008
Total Mortgageable Costs	**$10,732,683**	**$233,320**
Reserves	332,692	7,232
Total Development Cost	**$11,065,375**	**$240,552**

B. Permanent Capital Sources

Description	Amount	Per Unit
First Mortgage	2,409,000	52,370
General Partner Cash	0	0
HTC Equity Proceeds (WNC)	3,544,116	77,046
HOME Loan	4,521,123	98,285
EDHC	583,475	12,684
Rebates	6,700	146
Deferred Developer Fee	961	21
Total Permanent Financing	**$11,065,375**	**$240,552**

C. Financing Structure

- The development will qualify for an estimated $377,889 of annual 4% tax credits, providing an estimated $3,544,116 of equity proceeds from Cinnaire. The term of the LURA will be 40 years.
- The $5,485,000 LMIRBL construction loan provided by Minnesota Housing will be funded with Agency tax-exempt Rental Housing (RH) Bonds to secure 4% tax credits. The LMIRBL interest rate and loan term will be set at the issuance of the tax-exempt RH Bonds.
- The $2,409,000 LMIR first mortgage has a 4.25% interest rate plus .0125% mortgage insurance premium (MIP) with a 40-year amortization and a 40-year term.
- The $4,521,123 HOME deferred loan has a 0.0% interest rate, estimated to be 40-years plus 27 months, and will be coterminous with the LMIR first mortgage term. The interest rate can be set up to 1% if requested. Thirty (30) units will designated as HOME program units with six (6) units restricted to Low HOME rent limits and twenty-four (24) units restricted to High HOME rent limits.
- The $583,475 EDHC deferred loan will have an interest rate of 0.0% and will be coterminous with the LMIR first mortgage term. The interest rate can be set up to 1% if requested. Due to the recent federal legislation that fixed the 4% tax credit rate for some developments, the amount of equity proceeds increased and the EDHC decreased. The EDHC loan was reduced by $1,060,000 from its original estimated amount $1,644,117.

D. Cost Reasonableness

- The budgeted total development cost (TDC) per unit of $240,552 is 3% above the $233,762 predictive model estimate, which is within the 25% threshold range and does not require board approval.
- The project did not receive cost containment points.

SECTION III: UNDERWRITING

A. Rent Grid

Unit Type	Number	Net Rent*	Rent Limit (% of MTSP or AMI)	Income Limit (% of MTSP of AMI)	Rental Assistance Source
1BR**	3	$ 653	50%	30%	Housing Support
2BR**	5	$ 631	50%	30%	Housing Support
3BR**	2	$ 607	50%	30%	Housing Support
1BR	2	$ 739	50%	60%	
2BR	7	$ 877	50%	60%	
3BR	4	$ 1,013	50%	60%	
4BR	2	$ 1,128	50%	60%	
1BR**	2	$ 589	50%	60%	
2BR**	7	$ 722	50%	60%	
3BR**	7	$ 1,003	50%	60%	
4BR**	4	$ 1,105	50%	60%	
1BR	1	$ 579	50%	60%	

*Net Rents are the underwriting rents and are net of utility allowance. The underwriting rents may not reflect the maximum rent limits
**Designated as HOME program units: six units at Low HOME rents, the HUD Very Low-Income limit (50% AMI), and 24 units at High HOME rents, the HUD Low-Income limit (80% AMI)

B. Feasibility Summary

All projects are underwritten within Minnesota underwriting standards unless a modification is approved by Minnesota Housing’s Mortgage Credit Committee. This includes management and operating expenses, vacancy rate, rent and income inflators, and annual replacement reserve contributions. Projects also undergo a sensitivity analysis on property operations to further enhance underwriting.

- The project will maintain positive cash flow for 15 years, with projected debt coverage ratio (DCR) of 1.20 in year 15.
- The project will have income restrictions under the LMIR and EDHC programs for 40 years.
- The proforma underwriting assumes 7% annual vacancy rate, with 2.0% income and 3.0% expense inflators.
- Four (4) units designated HPH will benefit from rental assistance through Housing Support.
- Six (6) units designated PWD will benefit from rental assistance through Housing Support.
- Replacement reserves are budgeted at $450 per unit per year or $20,700 total per year, consistent with Minnesota Housing underwriting standards.
- An operating deficit escrow in the amount of $72,720 to be funded on the day of closing of the LMIR permanent loan, by cash or letter of credit (outside the development budget), to be held by Minnesota Housing.

- Rent-up reserve capitalized at construction completion from syndication proceeds in the amount of $140,000 to be held by borrower. The rent-up reserve is based on an approximately $3,000 per unit cost to cover expenses during lease-up.
- An operating cost reserve in the amount of $192,692 will be funded at construction completion from tax credit syndication proceeds. The operating cost reserve is based on six (6) months of operating expenses and will be held by the tax credit investor.

Agenda Item: 7.B
Resolution

MINNESOTA HOUSING FINANCE AGENCY
400 Wabasha Street North, Suite 400
St. Paul, Minnesota 55102

RESOLUTION NO. MHFA 21-XX

RESOLUTION APPROVING MORTGAGE LOAN COMMITMENT
LOW AND MODERATE INCOME RENTAL (LMIR) PROGRAM AND
LOW AND MODERATE INCOME RENTAL BRIDGE LOAN (LMIRBL) PROGRAM

WHEREAS, the Minnesota Housing Finance Agency (Agency) has received an application to provide construction and permanent financing for multiple unit housing development to be occupied by persons and families of low and moderate income, as follows:

Name of Development:	North Moorhead Village
Sponsor:	Commonwealth Development Corporation of America
Guarantors:	Commonwealth Holdings, LLC Commonwealth Development Corporation of America Commonwealth Construction Corporation
Location of Development:	Moorhead
Number of Units:	46
Amount of LMIR Mortgage: (not to exceed)	$2,409,000
Amount of LMIRBL: (not to exceed)	$5,485,000

WHEREAS, Agency staff has determined that such applicant is an eligible sponsor under the Agency's rules; that such permanent mortgage loan is not otherwise available, wholly or in part, from private lenders upon equivalent terms and conditions; and that the construction of the development will assist in fulfilling the purpose of Minn. Stat. ch. 462A; and

WHEREAS, Agency staff has reviewed the application and found the same to be in compliance with Minn. Stat. ch. 462A; and Agency's rules, regulations and policies;

NOW THEREFORE, BE IT RESOLVED:

THAT, the Board hereby authorizes Agency staff to issue a commitment to provide construction and permanent mortgage loans to the sponsor or an affiliate thereof from the Housing Fund (Pool 2 under LMIR Program) and a bridge loan from the proceeds of Rental Housing Bonds (if authorized by the Board) for the indicated development, upon the following terms and conditions:

1. The amount of the permanent LMIR amortizing loan shall not exceed $2,409,000;

2. The interest rate on the permanent LMIR loan shall be 4.25% per annum (subject to change, as set forth in the attached Agency term letter dated December 18, 2020), plus 0.125% per annum HUD Risk-share Mortgage Insurance Premium, with monthly payments based on a 40-year amortization; and

3. The term of the permanent LMIR loan shall be 40 years; and

4. The LMIR End Loan Commitment shall be entered into on or before July 31, 2021 and shall expire on March 31, 2023 (which shall also be the LMIR commitment expiration date); and

5. The amount of the LMIRBL shall not exceed $5,485,000; and

6. The LMIRBL transaction will be financed with the proceeds of tax exempt Minnesota Housing Rental Housing Bonds, and the commitment is subject to the ability of the Agency to sell bonds on terms and conditions, and in a time and manner, acceptable to the Agency; and

7. The interest rate on the LMIRBL will be based on the interest rate on the Rental Housing Bonds issued to finance the LMIRBL plus 1.00% interest will be payable monthly, and the principal will be due in a balloon payment no more than 27 months after closing; and

8. The LMIRBL commitment shall be entered into on or before March 31, 2021 and shall have a six-month term (which shall also be the LMIRBL commitment expiration date); and

9. The mortgagor shall comply with the terms set forth in the attached Agency term letter. The Commissioner is authorized to approve non-material modifications to those terms; and

10. The mortgagor shall execute documents embodying the above in form and substance acceptable to Agency staff; and

11. Sponsor shall guarantee the mortgagor's payment obligation regarding operating cost shortfalls and debt service under the LMIR Regulatory Agreement and LMIR Mortgage with the Agency; and

12. The sponsor, the general contractor, the architect, the mortgagor, and such other parties as Agency staff in its sole discretion deems necessary, shall execute all such documents relating to said loans, to the security therefore, to the construction of the development, and to the operations of the developments, as Agency staff in its sole discretion deems necessary.

Adopted this 28th day of January 2021

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CHAIRMAN

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MINNESOTA HOUSING

400 Wabasha Street North, Suite 400 St. Paul, MN 55102
P: 800.657.3769
F: 651.296.8139 | TTY: 651.297.2361
www.mnhousing.gov

January 14, 2021

Ms. Kristi Morgan
Commonwealth Development Corporation of America
7447 University Avenue, Suite 210
Middleton, WI 53562

RE: **Amendment to Term Letter dated December 18, 2020**
North Moorhead Village, Moorhead
MHFA Development #D8118, Project # M18227

Dear Ms. Morgan:

Minnesota Housing Finance Agency ("Minnesota Housing") staff has approved your request for a loan or loans subject to the terms and conditions contained in this letter (the "Terms"). The Terms are subject to Minnesota Housing's Board of Directors' approval and meeting all underwriting standards, delivery of required due diligence items, satisfactory loan documentation and other loan closing requirements. The Terms do not constitute a commitment to lend on the part of Minnesota Housing and relate only to the specific financing referenced in this letter.

Borrower:	A single asset entity: North Moorhead Village, LLC
General Partner:	North Moorhead Village MM, LLC
Development Description/Purpose:	New construction of a 46-unit affordable housing development located in Moorhead, Minnesota

Minnesota Housing Loan Type/Terms

Program	Low and Moderate Income Rental Program (LMIR) (HUD Risk Share)	Low and Moderate Income Rental Program (LMIR) Bridge Loan**	HOME deferred loan	Economic Development and Housing Challenge deferred loan (EDHC)
Loan Amount	$2,409,000	$5,485,000	$4,521,123	$583,475
Interest Rate	* 4.25%	**Bond Financing Rate + 1% (estimated 2.0%)	0%	0%
Mortgage Insurance Premium (%)	0.125% *(first year premium is paid in advance)*	Not Applicable	Not Applicable	Not Applicable
			Approximate 27 months	

Term	40 year	July 1, 2023	(construction) +40 year	40 year
Amortization/Repayment	Fully Amortized	Interest only during 27-month term	Deferred lump sum payment due in 40 years;	Deferred lump sum payment due in 40 years; an annual payment that is equal to 20% of the amount by which Eligible Cash (as defined in the Note) exceeds $50,000
Prepayment Provision	No prepayment first 10 years from date of the Note.	No prepayment until January 1, 2023.	Prepay at any time without penalty.	Prepay at any time without penalty.
Nonrecourse or Recourse	Nonrecourse	Recourse	Nonrecourse	Nonrecourse
Construction/Permanent Loan or Construction Bridge Loan or End Loan	End Loan	Construction Bridge Loan	Construction/ Permanent Loan	End Loan
Lien Priority	First	First *(during construction period)*	Second	Third

*Subject to change. The interest rate is subject to achieving the following hurdles. Failure to meet either of the hurdles may result in the interest rate being reset at the then current rate, at Minnesota Housing's sole discretion:

- Board approval to enter into a loan commitment must be obtained by January 31, 2021; and
- The loans must close or enter into an end loan commitment within 6 months of Board approval to enter into a loan commitment; and
- The permanent loan must close by March 31, 2023.

**Subject to the ability of Minnesota Housing to sell bonds on terms and conditions, and in a time and manner, acceptable to Minnesota Housing.

Origination Fee:	LMIR HUD Risk Share Loan: $48,180 LMIR Bridge Loan: $27,425 (both are payable at the earlier of loan commitment or loan closing)
LMIR Interest Rate Extension Fee:	LMIR HUD Risk Share Loan: 75 bps $18,068 (payable at the earlier of loan commitment or loan closing)

Inspection Fee:	$19,628 (payable at the earlier of loan commitment or loan closing)
Guaranty/Guarantor(s):	**LMIR Bridge Loan** - Completion, repayment and operations Guaranty to be provided by: Commonwealth Holdings, LLC Commonwealth Development Corporation of America and Commonwealth Construction Corporation **LMIR Permanent Loan** - Repayment and operations Guaranty to be provided by: Commonwealth Holdings, LLC Commonwealth Development Corporation of America Commonwealth Construction Corporation
Operating Deficit Escrow Account (LMIR Required):	$72,270 to be funded on the day of closing by cash or letter of credit (outside of the development budget) to be held by Minnesota Housing.
Operating Cost Reserve Account:	Capitalized operating reserve in the amount of $192,692 funded at construction completion. The operating reserve will not be held by Minnesota Housing.
Replacement Reserve Account:	A replacement reserve will be required in the amount of $450/unit/annum or $20,700. Required monthly deposits in the amount $1,725. Deposits to start the month after the LMIR permanent loan closes from project operations. The replacement reserve will be held by Minnesota Housing.
Rent-Up Reserve Account:	A rent-up reserve in the amount of $140,000 funded after construction completion from syndication proceeds. The rent-up reserve will not be held by Minnesota Housing.
Escrows:	Real estate tax escrow and property insurance escrow to be established at the time of permanent loan closing and held by Minnesota Housing.
Collateral/Security:	Mortgage and Assignment of Rents and Leases for each loan; UCC-1 Financing Statement on fixtures, personal property, accounts and equipment.
HAP or Other Subsidy Agreement:	Commitment to 10-years of affordability from the date of closing under the Housing Support Program for ten (10) units.

Rent and Income Requirements:

Agency First Mortgages under LMIR program

- Forty-six (46) units are restricted as follows:
  - 46 units with incomes not exceeding 60% MTSP and rents at 60% MTSP.
  - Commitment to affordability in effect while the loan is outstanding.

HOME MF

- 46 total project units restricted as follows:
  - Currently estimated at 6 units at Low HOME rents, as published by HUD for the HOME program; with Very Low-Income limits (50% Area Median Income, as published by HUD for the HOME program);
  - Currently estimated at 24 units at High HOME rents, as published by HUD for the HOME program; with Low Income Limits (80% Area Median Income as published by HUD for the HOME program).
  - 20 years of compliance is required under the HOME program.

EDHC MF

- 46 total project units restricted as follows:
  - 46 units with incomes not exceeding 60% MTSP and rents at 60% MTSP.
  - Commitment to 40 years of affordability from the date of permanent loan closing.

Other Occupancy Requirements:

- Four (4) units of High Priority Homeless (HPH) that are set aside and rented to families with children.
- Six (6) units designated for People With Disabilities (PWD).

Other Requirements: The EDHC loan is subject to the terms in the attached Deferred Selection Criteria.

Closing Costs: Borrower agrees to pay all closing costs related to the specific financing referenced in this letter.

Expiration Date: This term letter will expire on the earlier of (i) six months from the date of this letter or (ii) Minnesota Housing board approval of a loan commitment.

Additional Terms: Not Applicable

Other Conditions:

- Appraised rent-restricted value of at least $2,769,000.

January 14, 2021
Page 5

Board Approval:	Commitment of all loans under the LMIR and LMIR Bridge loan programs are subject to Minnesota Housing's board approval and adoption of a resolution authorizing the commitment of the loans.
Not a Binding Contract:	This letter is not a commitment to be bound by the Terms in this letter. The parties expressly agree that this letter does not create a legally binding agreement. The parties further agree that the Terms are subject to the Borrower's ability to obtain all necessary financing for the Development, which may include additional financing from Minnesota Housing not referenced in this letter.

Please sign this letter and return it to Maggie Nadeau, Loan Processor, by e-mail at maggie.nadeau@state.mn.us on or before January 27, 2021.

If you have any questions related to this letter, please contact Jimena Dake, Underwriter, at (651)296-7991 or by e-mail at Jimena.dake@state.mn.us.

We appreciate the opportunity to work with you on your affordable housing development.

Sincerely,

James Lehnhoff
Assistant Commissioner, Multifamily

AGREED AND ACCEPTED BY:

NORTH MOORHEAD VILLAGE, LLC

By: ______________________

Name: Kristi Morgan

Title: Authorized Agent

Date Accepted: 1/15/2021

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MINNESOTA HOUSING

Board Agenda Item: 7.C
Date: 1/28/2021

Item: Approval, Selection of Red Willow Estates and Revision of Housing Tax Credit (HTC) Selection Resolution and Modification of Two HTC Project Allocations

Staff Contact(s):
Summer Jefferson, 651.296.9790, summer.jefferson@state.mn.us

Request Type:

☒ Approval
- ☒ Motion
- ☒ Resolution

☐ No Action Needed
- ☐ Discussion
- ☐ Information

Summary of Request:
At the December 17, 2020 Board meeting, the Board adopted Resolution No. 20-065 approving an allocation of federal 9% low-income housing tax credits (HTCs) in the 2020 Multifamily Consolidated RFP/2021 HTC Round 1. Staff requests approval to modify the HTC allocations to Manor Hills Apartments and Marketplace Crossing I, and to select Red Willow Estates for an allocation of HTCs as a result of the HTC appeal process.

Fiscal Impact:
Low Income Housing Tax Credits are a federal resource and do not directly impact the Agency's financial condition.

Meeting Agency Priorities:
- ☒ Improve the Housing System
- ☒ Preserve and Create Housing Opportunities
- ☐ Make Homeownership More Accessible
- ☒ Support People Needing Services
- ☒ Strengthen Communities

Attachment(s):
- Background
- Resolutions
- Development Summary

BACKGROUND

On December 17, 2020, the Minnesota Housing Board approved an allocation of 9% HTCs for 11 projects submitted in the 2020 Multifamily Consolidated RFP/2021 HTC Round 1. Applicants were sent a selection or non-selection letter notifying them of their status and score.

All 9% HTC applicants have the right to request an appeal of the project's selection points per Chapter 2.P of the 2021 HTC Program Procedural manual. As stated in the manual, if the applicant believes that Minnesota Housing has misinterpreted, was not aware of a submission item, or miscalculated the applicant's selection points or HTC amount at time of application/reservation, the applicant can submit a formal appeal letter. If the evidence provided by the applicant is accepted by Minnesota Housing and the selection points of the project are affected, Minnesota Housing will re-rank all projects in the order of descending selection points. With the appeal time period now closed, and pending Minnesota Housing's Board approval, after a five business day period after Board approval, Minnesota Housing's rankings will stand and reservations for selected projects will be distributed.

On January 4, 2021, the Agency received an appeal letter from Mille Lacs Corporate Ventures for Red Willow Estates. The letter contested the points awarded for two selection criteria, Universal Design and Enhanced Sustainability.

Staff reviewed the appeal letter regarding the non-selection of the Red Willow Estates HTC application and has concluded that the application did in fact submit adequate documentation to certify the Universal Design points, resulting in a change of that project's score from 116 to 119. As a result of the change in score, the Red Willow Estates project ties with the Manor Hills Apartments, which also scored 119 points. Manor Hills had been selected for an allocation of 9% HTCs at the December 17, 2020, board meeting. Following the tiebreaker policy in Chapter 5.D of the 2021 HTC Program Procedural Manual, the Red Willow Estates project scores 33 on the preference scoring priorities with Manor Hills scoring 27, which results in Red Willow Estates meeting the tiebreaker requirements.

The score for Red Willow Estates was revised and all HTC projects were re-ranked, which resulted in a change in selection status and a modification to the HTC allocation. Red Willow Estates is now recommended to receive an HTC allocation of $996,142. As a result, the HTC allocation for Manor Hills Apartments from the general pool will be revised down and the HTC allocation for Marketplace Crossing I will be revised down to only the amount available in the nonprofit set aside pool. As a result of this change, Manor Hills and Marketplace Crossing I will now receive partial allocations. Both developments are eligible to apply for additional credits in a future competitive HTC round to reduce/eliminate the funding gap.

Based upon the revised scoring and the amount of available HTCs, Red Willow Estates is recommended for selection and the original HTC allocations to Manor Hills and Marketplace Crossing I are recommended for modification.

Project Name and Location	Original HTC Allocation	Revised HTC Allocation
Red Willow Estates, Onamia	$0	$996,142
Manor Hills Apartments, Rochester	$1,194,759	$201,224

Marketplace Crossing I, Big Lake	$621,204	$618,597

The HTC allocations for the other projects selected at the December 17, 2020 Board meeting are unchanged.

Agenda Item: 7.C
Resolution

MINNESOTA HOUSING FINANCE AGENCY
400 Wabasha Street North, Suite 400
St. Paul, MN 55102

RESOLUTION NO. MHFA 21-xx
Modifying Resolution No. 20-065

RESOLUTION APPROVING A MODIFICATION TO THE ALLOCATION OF FEDERAL LOW-INCOME HOUSING TAX CREDITS FOR CALENDAR YEAR 2021 TO CERTAIN QUALIFIED LOW-INCOME HOUSING BUILDINGS

WHEREAS, the Board has previously approved an allocation of Low Income Housing Tax Credits (HTCs) in MHFA Resolution 20-065;

WHEREAS, in accordance with the Tax Reform Act of 1986 and the provisions of Minn. Stat. § 462A.221-462A.223, the Minnesota Housing Finance Agency (Agency) has received applications as a duly designated housing tax credit agency for allocations to certain developments of the Low Income Housing Tax Credit program provided by Section 42 of the Internal Revenue Code of 1986 (IRC); and

WHEREAS, the Agency has applied to said applications the criteria set forth for selection in Minnesota Housing's 2021 Qualified Allocation Plan (QAP) and 2021 HTC Program Procedural Manual (the Manual), duly adopted by the Agency; and

WHEREAS, the Agency has determined to reserve, for future allocation, portions of the state allocation of the HTCs to the developments identified below, pending final Agency staff review and delivery by the applicants of additional certifications and information required for the Agency's issuance of such allocations.

NOW, THEREFORE, BE IT RESOLVED:

The Board hereby authorizes Agency staff to modify portions of the state allocation of Low Income Housing Tax Credits as set forth below upon meeting the requirements for allocation contained in Section 42 of the IRC, the Manual, and the QAP subject to the terms and conditions contained herein:

Revised Greater MN Selections

Property #	Project #	Project Name	Funding Source	HTC Awarded Under 20-65	Revised HTC Award
D8206	M18399	Red Willow Estates	9% LIHTC	$0	$996,142
D8320	M18486	Manor Hills Apartments	9% LIHTC	$1,194,759	$201,224
D8314	M18474	Marketplace Crossing I	9% LIHTC	$621,204	$618,597

1. Pursuant to the above-referenced statutes and the allocation ranking factors contained in the Manual when applied to the applications submitted, Agency staff is hereby authorized to make the housing tax credit reservations and allocations for the above developments in the amounts shown for calendar year 2021 of the Low Income Housing Tax Credits, upon compliance with all of the requirements contained in Section 42 of the IRC the QAP and Manual; and

2. That the Agency is authorized to allocate the portions of the state of Minnesota's ceiling of Low Income Housing Tax Credits to the developments identified above in the amounts shown, subject to adjustments in accordance with the QAP and Manual; and

3. Notification letters concerning the above be forwarded to the approved applicants; and

4. Execution of all documents related to the allocation, subject to such terms and conditions as the Agency, in its sole discretion, deems necessary.

5. All other terms and conditions of MHFA Resolution 20-065 remain in effect.

Adopted this 28th day of January 2021

____

CHAIRMAN

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MINNESOTA HOUSING

Development Summary

Selected Applications: December 17, 2020

Red Willow Estates

Developer	Mille Lacs Corporate Ventures
Location	Onamia
Property Number (D#)	D8206
Project Number	M18399

Project Description

- Red Willow Estates is new construction 30-unit family development to be located in Onamia.
- The project will provide 2 and 3 bedroom units for workforce families and will offer 4 units set aside for High Priority Homeless.
- The units will offer amenities such as in-unit washers and dryers, attached garages, central air conditioning, in addition to the site being in close proximity to the Soo Line Trail, an expansive outdoor trail system, conducive to healthy living.
- Red Willow Estates is sponsored and developed by Mille Lacs Corporate Ventures; Mille Lacs Corporate Ventures has partnered with Lakes and Pines Community Action Council to provide services for families experiencing High Priority Homelessness, and will offer a wide range of holistical approach to each family such as case management and tenant service coordination.
- Red Willow Estates will be the only multi-family general occupancy property in Onamia or the market area. The project will provide much needed housing to workers that at present commute a distance of 25 to 50 miles to work at the Grand Casino Mille Lacs, and will contribute to active implementation of a Community Development Initiative to address locally identified needs.

Project Cost Information

- Red Willow Estates TDC per unit is $288,098 and is 2.5% over the Predictive Model.
- The project received points for Cost Containment.

Populations Served

- Red Willow Estates is designed as workforce housing and will target populations that commute for employment to the Grand Casino Mille Lacs or other businesses in the area.

Capital Sources of Funding

Name of Source	Award Amount
MLCV Deferred Cash Flow Only Loan	$375,788
Syndication Proceeds	$8,267,147
Total Permanent Financing	$8,642,935

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MINNESOTA HOUSING

Board Agenda Item: 7.D
Date: 1/28/2021

Item: Adoption, Resolution Authorizing the Issuance and Sale of Rental Housing Bonds, 2021 Series A (North Moorhead)

Staff Contact(s):
Kevin Carpenter, 651.297.4009, kevin.carpenter@state.mn.us
Debbi Larson, 651.296.8183, debbi.larson@state.mn.us
Paula Rindels, 651.296.2293, paula.rindels@state.mn.us

Request Type:

☒ Approval	☐ No Action Needed
☐ Motion	☐ Discussion
☒ Resolution	☐ Information

Summary of Request:
Staff is requesting authorization to issue short-term fixed rate tax-exempt bonds under the existing Rental Housing bond indenture. The bonds will be issued in an amount not to exceed $5,485,000, and will be used to acquire and finance the acquisition and construction of a 46-unit rental housing development located in Moorhead, Minnesota. The Agency currently expects to price and issue these Rental Housing bonds in March; the attached Preliminary Official Statement describes the entire transaction.

Fiscal Impact:
The Agency will earn an interest rate spread while these bonds are outstanding, and will also receive certain fee income as part of the closing of the bridge loan financed with the bonds proceeds. In addition, the Agency will receive additional interest earnings and certain fee income in conjunction with providing a long-term end loan as part of the permanent financing for the project.

Meeting Agency Priorities:
- ☐ Improve the Housing System
- ☒ Preserve and Create Housing Opportunities
- ☐ Make Homeownership More Accessible
- ☐ Support People Needing Services
- ☐ Strengthen Communities

Attachment(s):
- Preliminary Official Statement
- Resolution

PRELIMINARY OFFICIAL STATEMENT DATED MARCH __, 2021

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. The issuer has deemed this Preliminary Official Statement final, as of its date, except for information permitted to be omitted by Rule 15c2-12 of the Securities and Exchange

NEW ISSUE

Ratings: **Moody's: "___"**
S&P: "____"

Minnesota Housing Finance Agency has prepared this Official Statement to provide information about the Series Bonds. Selected information is presented on this cover page for the convenience of the user. To make an informed decision regarding the Series Bonds, a prospective investor should read all of this Official Statement. Capitalized terms used on this cover page have the meanings given in this Official Statement.

MINNESOTA HOUSING

$5,485,000*
MINNESOTA HOUSING FINANCE AGENCY
Rental Housing Bonds, 2021 Series A (Non-AMT)

Dated: Date of Delivery **Due: as shown on inside front cover**

Tax Exemption	Interest on the Series Bonds is not includable in gross income for federal income tax purposes or taxable net income of individuals, trusts and estates for Minnesota income tax purposes. (For additional information, including further information on the application of federal and state alternative minimum tax provisions to the Series Bonds, see "Tax Exemption and Related Considerations" herein.)
Redemption	The Agency may redeem all or a portion of the Series Bonds by optional or special redemption as described under "The Series Bonds" herein.
Security	Payment of principal and interest on the Series Bonds is secured, on an equal basis with payment of principal and interest on all Outstanding Bonds that the Agency has issued, and may subsequently issue, under the Bond Resolution, by a pledge of Bond proceeds, Mortgage Loans, Investments, Revenues and other assets held under the Bond Resolution. The Series Bonds are also general obligations of the Agency, payable out of any of its generally available moneys, assets or revenues. THE AGENCY HAS NO TAXING POWER. THE STATE OF MINNESOTA IS NOT LIABLE FOR THE PAYMENT OF THE SERIES BONDS AND THE SERIES BONDS ARE NOT A DEBT OF THE STATE. (See "Security for the Bonds.")
Interest Payment Dates	February 1 and August 1, commencing August 1, 2021.*
Denominations	$5,000 or any integral multiple thereof.
Closing/Settlement	On or about March __, 2021* through the facilities of DTC in New York, New York.
Bond Counsel	Kutak Rock LLP.
Underwriter's Counsel	Dorsey & Whitney LLP.
Trustee	Wells Fargo Bank, National Association, in Minneapolis, Minnesota.
Book-Entry-Only System	The Depository Trust Company. (See Appendix E herein.)

The Series Bonds are offered, when, as and if issued, subject to withdrawal or modification of the offer without notice and to the opinion of Kutak Rock LLP, Bond Counsel, as to the validity of, and tax exemption of interest on, the Series Bonds.

RBC Capital Markets

The date of this Official Statement is

___________, 2021.

*Preliminary; subject to change.

MATURITY, PRINCIPAL AMOUNT, INTEREST RATE AND PRICE*

$5,485,000* 2021 Series A Bonds

Maturity Date	Principal Amount	Interest Rate	Price	CUSIP**
August 1, 2023*	**$5,485,000***	**____%**	**100%**	

*Preliminary, subject to change.

**CUSIP number has been assigned by an organization not affiliated with the Agency and is included for the convenience of the owners of the Series Bonds. The Agency is not responsible for the selection or uses of this CUSIP number, nor is any representation made as to its correctness on the Series Bonds or as indicated above. A CUSIP number for a specific maturity may be changed after the issuance date. CUSIP® is a registered trademark of the American Bankers Association.

Neither Minnesota Housing Finance Agency nor the Underwriter has authorized any dealer, broker, salesman or other person to give any information or representations, other than those contained in this Official Statement. Prospective investors must not rely on any other information or representations as being an offer to buy. No person may offer or sell Series Bonds in any jurisdiction in which it is unlawful for that person to make that offer, solicitation or sale. The information and expressions of opinion in this Official Statement may change without notice. Neither the delivery of the Official Statement nor any sale of the Series Bonds will, under any circumstances, imply that there has been no change in the affairs of the Agency since the date of this Official Statement.

This Official Statement contains statements that, to the extent they are not recitations of historical fact, constitute "forward-looking statements." In this respect, the words "estimate," "intend," "expect," and similar expressions are intended to identify forward-looking statements. A number of important factors affecting the Agency, the Program and the Series Bonds could cause actual results to differ materially from those contemplated in the forward-looking statements.

The Underwriter has reviewed the information in this Official Statement in accordance with, and as a part of, its responsibilities under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of the information.

In connection with this offering, the Underwriter may over-allot or effect transactions that stabilize or maintain the market price of the Series Bonds at a level above that which might otherwise prevail in the open market. This stabilizing, if commenced, may be discontinued.

NO FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY HAS RECOMMENDED THESE SECURITIES. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

TABLE OF CONTENTS

OFFICIAL STATEMENT

relating to
$5,485,000*
MINNESOTA HOUSING FINANCE AGENCY
Rental Housing Bonds, 2021 Series A (Non-AMT)

This Official Statement (which includes the Appendices) provides certain information concerning the issuance and sale by Minnesota Housing Finance Agency (the "Agency") of its Rental Housing Bonds, 2021 Series A (the "Series Bonds"). The Agency is issuing the Series Bonds pursuant to Minnesota Statutes, Chapter 462A, as amended (the "Act"), a resolution of the Agency adopted February 25, 1988 (as amended and supplemented in accordance with its terms, the "Bond Resolution"), and a series resolution of the Agency adopted January 28, 2021 (the "Series Resolution"). (The Bond Resolution and the Series Resolution are herein sometimes referred to as the "Resolutions.")

The Rental Housing Bonds Outstanding in the aggregate principal amount of $[44,225,000] as of February 28, 2021, the Series Bonds and any additional Rental Housing Bonds issued pursuant to the Bond Resolution (collectively referred to as the "Bonds"), are and will be equally and ratably secured under the Bond Resolution.

The Resolutions should be referred to for the definitions of capitalized terms used herein, some of which are reproduced in this Official Statement. The summaries and references herein to the Act, the Resolutions and other documents are only brief outlines of certain provisions and do not purport to summarize or describe all the provisions thereof. All references herein to the Act, the Bond Resolution and the Series Resolution are qualified in their entirety by reference to the Act and the Resolutions, copies of which are available from the Agency, and all references to the Series Bonds are qualified in their entirety by reference to the definitive forms thereof and the information with respect thereto contained in the Resolutions.

INTRODUCTION

The Agency is a public body corporate and politic, constituting an agency of the State of Minnesota. The Act authorizes the Agency to issue bonds for the purpose, among other purposes, of making mortgage loans to sponsors of residential housing for occupancy by persons and families of low and moderate income if the Agency determines that those loans are not otherwise available from private lenders with equivalent terms and conditions.

Since its creation in 1971, the Agency has issued bonds to purchase single family mortgage loans, to purchase home improvement loans and to finance multifamily developments. In addition to financing loans through the issuance of debt, the Agency finances grants and loans through State and federal appropriations and its Alternative Loan Fund in the Residential Housing Finance Bond Fund. Please refer to the information in the notes to the financial statements included in Appendix B-1 to this Official Statement at pages 63 and 64 under the heading "Net Position — Restricted by Covenant."

The global outbreak of the coronavirus COVID-19 ("COVID-19") and measures taken by federal, state and local governments in response thereto are impacting individuals and businesses in a manner that to an unknown extent will have negative effects on economic activity across the country and the State, including mortgage loan repayments. For descriptions of certain of these measures, their impacts on the Agency and the Agency's responses, see "The Agency—COVID-19 Economic Disruption" herein.

The Agency uses proceeds of Bonds it issues pursuant to the Bond Resolution to finance a portion of the activities undertaken pursuant to the Rental Housing Program (the "Program"). The multifamily division of the

*Preliminary, subject to change.

Agency administers the Program. The purpose of the Program is to increase the supply of, and to maintain and improve, the rental housing stock in Minnesota that is affordable to low and moderate income households. The Program has also provided financing for nonprofit group homes for the developmentally disabled. Through the use of bond financing and other funding sources, the Agency intends that the Program will provide both short-term and long-term, fixed rate, first lien (or second lien if the Agency also holds the first lien) mortgage loans ("Mortgage Loans"), and, under certain circumstances, subordinate mortgage loans ("Subordinate Mortgage Loans"), to finance the construction, acquisition, rehabilitation or refinancing of multifamily rental housing and group home developments (the "Developments"). The Bond Resolution authorizes, upon conditions set forth therein, the issuance of additional series of Bonds on a parity with the Outstanding Bonds, including the Series Bonds.

In recognition of certain risks inherent in mortgage lending, the Agency has adopted policies and review procedures for detailed evaluation of the Developments that it finances prior to making Mortgage Loan commitments. To assure completion of rehabilitation, construction and proper maintenance, the Agency has established reserve and escrow requirements and procedures for regulating and monitoring operations with respect to the Developments. The procedures the Agency presently uses to reduce those risks are described more fully herein under the heading "The Rental Housing Program."

The Agency intends to use the proceeds of the Series Bonds to fund a short-term first lien mortgage loan, to a private owner, that will finance a portion of the costs of acquisition, construction and equipping of a multifamily housing development in Moorhead, Minnesota. (See "The Development.") The Series Bonds are general obligations of the Agency payable from any of its moneys, assets or revenues, subject to the provisions of other resolutions and indentures now or hereafter pledging particular moneys, assets or revenues, to particular notes or bonds, and federal or State laws heretofore or hereafter enacted appropriating funds to the Agency for a specified purpose. The net position of the General Reserve and the Alternative Loan Fund are legally available if needed to pay debt service on any obligations of the Agency, including the Series Bonds. (For purposes of the Resolutions, the General Reserve is designated as the General Reserve Account.) (See "The Agency — Net Position Restricted By Covenant and Operations to Date – General Reserve; Alternative Loan Fund.")

The Agency has further pledged as security for the payment of the Series Bonds (on an equal basis with the Outstanding Bonds issued and that may be issued under the Bond Resolution) amounts on deposit and investments in certain accounts and funds established pursuant to the Resolutions, including the Debt Service Reserve Fund established pursuant to the Bond Resolution in accordance with the Act. Under the Act, upon certification by the Agency, the State Legislature may, but is not required to, appropriate amounts that may be necessary to restore the Debt Service Reserve Fund to an amount equal to the Debt Service Reserve Requirement. (See "Security for the Bonds.")

Although the State has appropriated amounts to the Agency for various specific purposes (see "The Agency — State Appropriations"), the Agency generally pays its general and administrative expenses from certain interest earnings and fees charged in connection with its bond-funded programs. For programs funded through State appropriations, the Agency recovers the costs of administering the programs only to the extent of interest earnings on the appropriations. The appropriations are not available to pay debt service on the Bonds.

The Agency has no taxing power. Neither the State of Minnesota nor any political subdivision thereof is or will be obligated to pay the principal or redemption price of, or interest on, the Series Bonds and neither the faith and credit nor the taxing power of the State or any political subdivision thereof is pledged to that payment.

THE AGENCY

Purpose

The Agency was created in 1971 by the Act as a public body corporate and politic, constituting an agency of the State of Minnesota, in response to legislative findings that there existed in Minnesota a serious shortage of decent, safe, and sanitary housing at prices or rentals within the means of persons and families of low and moderate income, and that the then present patterns of providing housing in the State limited the ability of the private building industry and the investment industry to produce that housing without assistance and resulted in a failure to provide sufficient long-term mortgage financing for that housing.

Structure

Under the Act, the membership of the Agency consists of the State Auditor and six public members appointed by the Governor with the advice and consent of the Senate for terms of four years. Pursuant to the Act, each member continues to serve until a successor has been appointed and qualified. The Chair of the Agency is designated by the Governor from among the appointed public members. Pursuant to state law, the State Auditor may delegate duties and has delegated her duties as a member of the Agency in the event that the Auditor is unable to attend a meeting of the Agency.

The present members of the Agency, who serve without compensation (except for per diem allowance and expenses for members not otherwise compensated as public officers), are listed below.

John DeCramer, Chair — Term expires January 2024, Marshall, Minnesota – Magnetics Engineer

The Honorable *Julie Blaha — Ex officio*, St. Paul, Minnesota – State Auditor

Melanie Benjamin, Member — Term expires January 2021, Onamia, Minnesota – Consultant*

Craig Klausing, Member — Term expires January 2023, Roseville, Minnesota – Attorney

Stephanie Klinzing, Member — Term expires January 2023, Elk River, Minnesota – Writer and Publisher

Stephen Spears, Member — Term expires January 2022, Plymouth, Minnesota – Banker

Terri Thao, Vice Chair — Term expires January 2024, St. Paul, Minnesota – Program Director

*Continues to serve until a successor is appointed and qualified

Staff

The staff of the Agency presently consists of approximately 265 persons, including professional staff members and contractors who have responsibilities in the fields of finance, law, mortgage underwriting, architecture, construction inspection and housing management. The Attorney General of the State of Minnesota provides certain legal services to the Agency.

The Commissioner is appointed by the Governor. The Act authorizes the Commissioner of the Agency to appoint the permanent and temporary employees as the Commissioner deems necessary subject to the approval of the Commissioner of Management and Budget.

The principal officers and staff related to the Program are as follows:

Jennifer Ho — Commissioner-Designee, appointed effective January 2019. When Governor Tim Walz took office on January 7, 2019, Ms. Ho was appointed Commissioner and has all of the powers and will perform all of the duties of the office. The appointment of Ms. Ho as Commissioner must be confirmed by the advice and consent of the state of Minnesota Senate. Prior to her appointment, Ms. Ho was the Senior Policy Advisor for Housing and Services at the U.S. Department of Housing and Urban Development during the Obama Administration. Prior to that, she served as deputy director at the United States Interagency Council on Homelessness (USICH), shepherding the creation of Opening Doors, the nation's first-ever comprehensive federal plan to prevent and end homelessness. Ms. Ho worked with former First Lady Michelle Obama to launch the Mayors Challenge to End Veteran Homelessness that resulted in reducing the number of veterans experiencing homelessness on any night by nearly half. In 1999, as Executive Director of Hearth Connection, a Minnesota non-profit, she began her work to end homelessness by managing a nationally-recognized demonstration project on supportive housing and long-term homelessness for single adults, youth and families in Ramsey and Blue Earth counties. Ms. Ho oversaw the replication of that project in 34 additional counties in partnership with the Fond du

Lac, Bois Fort and Grand Portage Tribal Bands. She has served on the Boards of Directors for West Side Community Health Services in St. Paul, and nationally for the Corporation for Supportive Housing and the Melville Charitable Trust. Ms. Ho received a Bachelor of Arts Degree in philosophy from Bryn Mawr College.

Rachel Robinson — Deputy Commissioner, appointed March 2019. Prior to this position, Ms. Robinson was Fund Manager for the NOAH Impact Fund, a subsidiary of the Greater Minnesota Housing Fund, a certified Community Development Financial Institution, from 2016 to 2019, responsible for securing investment commitments, structuring transactions, developing investor and partner relations, and ensuring that social impact goals and compliance requirements were met. She has worked in affordable housing development and finance for over 15 years, including with CommonBond Communities from 2011 to 2015, where as Vice President she developed and led enterprise asset management systems, and as Senior Housing Development Manager from 2008 to 2011. Ms. Robinson was also Director of Property Development at Artspace Projects, Inc. from 2015 to 2016. She holds a Master's degree in Urban and Regional Planning from the University of Minnesota Humphrey School of Public Affairs and a Bachelor of Arts degree in Urban Studies from Macalester College, St. Paul, Minnesota.

Kevin Carpenter — Chief Financial Officer, appointed effective March 2016. In this position, Mr. Carpenter leads the finance and accounting teams of the Agency and provides strategic direction regarding the organization's financial resources. Prior to this position, Mr. Carpenter was the Chief Financial Officer at the City of Minneapolis from May 2011 to November 2015, and also had significant tenure in various senior financial and operating positions at RBC Capital Markets, LLC. He previously was an investment banker at RBC Capital Markets, LLC and at Lehman Brothers. Mr. Carpenter earned a Master's Degree in Business Administration from Harvard University Business School and a Bachelor of Arts degree in Government from Dartmouth College.

Debbi Larson — Director of Finance appointed effective December 2019. Ms. Larson was Controller and Director of Financial Operations for the Agency from August 2015 to December 2019. Prior to that position, she was Director of Finance and Information Technology for a subsidiary of Taylor Corporation and responsible for domestic and international locations and, prior to that, was the Chief Financial Officer for a division of the Minnesota Department of Corrections. Ms. Larson previously held various accounting positions of increasing responsibility. Ms. Larson holds a Bachelor of Science degree with a concentration in Accounting from the University of Phoenix, and an MMBA (accelerated MBA program) Executive Leadership certification from the University of St. Thomas.

Anne Smetak — General Counsel, appointed effective June 2020. Ms. Smetak has been a member of the Agency's legal team since April 2016 and served as Deputy General Counsel for the Agency from July 2019 to June 2020. Her experience prior to joining the Agency includes corporate litigation, affordable housing preservation as a legal services attorney, and clinical teaching roles at the Washington College of Law and The George Washington University School of Law. Ms. Smetak earned a law degree and a Master of Laws degree from The George Washington University School of Law and holds a Bachelor of Arts degree in Political Science from Kenyon College.

James Lehnhoff — Assistant Commissioner, Multifamily, appointed effective March 2019. Mr. Lehnhoff was most recently the Director of Portfolio Strategy at CommonBond Communities. He has more than 16 years of local government, municipal finance, and real estate development experience, including extensive work in affordable housing development, Pro Forma analysis, land use planning, economic development, community engagement, and project management. Mr. Lehnhoff has successfully implemented complex and nationally recognized affordable housing development projects to advance community goals. Prior to joining CommonBond, he was a municipal advisor at Ehlers & Associates from October 2016 to September 2018, served as the Vice President of Real Estate at Aeon from August 2010 to October 2016, and was the Community Development Director for the City of Arden Hills from January 2006 to August 2010. Mr. Lehnhoff earned a Master's degree in Urban and Regional Planning from the University of Minnesota Hubert H. Humphrey School of Public Affairs and a Bachelor of Arts degree in Geography from the University of Minnesota Duluth.

The Agency's offices are located at 400 Wabasha Street North, St. Paul, Minnesota 55102, and its general telephone number is (651) 296-7608. The Agency's Investor Relations Representative may be reached at the Agency's general telephone number. The Agency's website address is http://www.mnhousing.gov. No portion of the Agency's website is incorporated into this Official Statement.

Independent Auditors

The financial statements of the Agency as of and for the year ended June 30, 2020, included in this Official Statement as Appendix B-1, have been audited by RSM US LLP, independent auditors, as stated in their report appearing herein. RSM US LLP has not been engaged to perform, and has not performed, any procedures on the financial statements after June 30, 2020. RSM US LLP also has not performed any procedures relating to this Official Statement.

Financial Statements of the Agency

The Agency financial statements included in this Official Statement as Appendix B-1 as of and for the fiscal year ended June 30, 2020 are presented in combined "Agency-wide" form followed by "fund" financial statements presented for its major funds in order to comply with the requirements of Statement No. 34 of the Governmental Accounting Standards Board ("GASB") .

Information regarding the Minnesota State Retirement System ("MSRS"), to which the Agency contributes, is included in Appendix B-1 in the Notes to Financial Statements at pages 65 through 67 under the heading "Defined Benefit Pension Plan." The Agency's allocable portion of net pension liability reported at June 30, 2020 with respect to MSRS is $10.412 million.

In Appendix B-2 to this Official Statement, the Agency has included certain unaudited financial statements of the Agency (excluding State Appropriated and Federal Appropriated Funds) as of and for the six months ended December 31, 2020. The Agency has prepared the information in Appendix B-2 and, in the opinion of the Agency, that information reflects all normal recurring adjustments and information necessary for a fair statement of the financial position and results of operations of the Agency (excluding State and Federal Appropriated Funds) for the period, subject to year-end adjustments. The information in Appendix B-2 is not accompanied by a statement from the independent auditors.

Disclosure Information

The Agency will covenant in a Continuing Disclosure Undertaking for the benefit of the Owners and Beneficial Owners (as defined in Appendix C hereto) of the Series Bonds to provide annually certain financial information and operating data relating to the Agency (the "Agency Annual Report") and to provide notices of the occurrence of certain enumerated events. (There is no other obligated person under the Continuing Disclosure Undertaking.) The Agency must file the Agency Annual Report no later than 120 days after the close of each fiscal year, commencing with the fiscal year ending June 30, 2021, with the Municipal Securities Rulemaking Board, at its EMMA internet repository. The Agency also must file notices of the occurrence of the enumerated events, if any, with EMMA. (See "Appendix C — Summary of Continuing Disclosure Undertaking.")

The specific nature of the information to be contained in the Agency Annual Report or the notices of events, and the manner in which these materials are to be filed, are summarized in "Appendix C — Summary of Continuing Disclosure Undertaking." The Agency has made these covenants to assist the Underwriter in complying with SEC Rule 15c2-12(b)(5) (the "Rule").

In addition to the information required by the Continuing Disclosure Undertaking, the Agency also uses its best efforts to prepare a semiannual disclosure report for the Bond Resolution and a quarterly disclosure report for its single family bond resolutions. Recent reports are available at the Agency's website at http://www.mnhousing.gov (click on tab "Investors"), but no information on the Agency's website is incorporated into this Official Statement. The Agency is also committed to providing appropriate credit information as requested by any rating agency rating the Bonds at the Agency's request.

Net Position Restricted By Covenant and Operations to Date—General Reserve; Alternative Loan Fund

In addition to its bond funds pledged to the payment of particular bonds by bond resolutions of the Agency, the Agency has also established certain other funds that it has restricted by covenant. Currently, the restricted funds are the General Reserve and the Alternative Loan Fund. The General Reserve contains the Housing Endowment Fund (also referred to as "Pool 1") and the Agency's net investment in capital assets. The Alternative Loan Fund, which is held under the Residential Housing Finance Bond Resolution but is not pledged to pay bonds issued thereunder, comprises the Housing Investment Fund (also referred to as "Pool 2") and the Housing Affordability Fund (also referred to as "Pool 3"). The net position of the General Reserve and the Alternative Loan Fund is not pledged to the payment of the Bonds or any other debt obligations of the Agency but, to the extent funds are available therein, are generally available to pay any debt obligations of the Agency, including the Bonds.

Subject to the restrictions in the Bond Resolution and its other bond resolutions, the Agency may withdraw excess assets from bond funds held thereunder. To the extent the Agency withdraws excess assets from bond funds, the Agency has pledged to deposit those excess assets in the General Reserve or the Alternative Loan Fund, except for any amounts as may be necessary to reimburse the State for money appropriated to restore a deficiency in any debt service reserve fund.

The Agency has further covenanted that it will use the money in the General Reserve and the Alternative Loan Fund only to administer and finance programs in accordance with the policy and purpose of the Act. This includes creating reserves for the payment of bonds and for loans made from the proceeds thereof, and accumulating and maintaining a balance of funds and investments as will be sufficient for that purpose. To ensure that assets available in the General Reserve and the Alternative Loan Fund provide security for the Agency's bondowners as covenanted in the bond resolutions, the Agency has established investment guidelines for Pools 1 and 2. The investment guidelines are subject to change by the Agency from time to time in its discretion.

Under the net position requirements and investment guidelines effective January 23, 2014, the required size of Pool 1 (which is intended to be a liquidity reserve) is 1 percent of gross loans receivable (excluding mortgage-backed securities, appropriated loans and loans credited to Pool 3) and the required size of Pool 2 is an amount that would cause the combined net position (exclusive of unrealized gains and losses resulting from marking to market investment securities, including mortgage-backed securities, and swaps entered into by the Agency for which the unrealized loss or gain will not be realized if the security or swap is held to maturity or its optional termination date; and realized gains and losses resulting from the purchase and sale of investment securities between Agency funds) in the General Reserve, in Pool 2, and in the funds pledged under bond resolutions to be at least equal to the combined net position of the same funds as of the immediately preceding fiscal year end. Currently, this amount is $808.448 million, representing the combined net position of these funds so calculated as of June 30, 2020. Pool 2 is intended to comprise amortizing interest-bearing housing loans or investment grade securities. Pool 1 and Pool 2 represent, with assets pledged to pay bonds of the Agency, the sustainable lending operations of the Agency. Pool 3 represents the more mission-intensive operations of the Agency and is intended to comprise deferred, zero percent and low interest-rate loans and grants and, for unapplied funds, investment grade securities. Pool 3 is not subject to the investment guidelines. Loan activity related to loans financed by funds in Pool 2 and Pool 3 is recorded as part of the Alternative Loan Fund. The Agency approves all interfund transfers. A further discussion of Pools 1, 2 and 3 and the amounts credited thereto as of June 30, 2020 appears in the Notes to Financial Statements of the Agency included in Appendix B-1 to this Official Statement at pages 63 and 64 under the heading "Net Position — Restricted by Covenant."

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The following summary indicates the revenues earned, the expenses paid, and funds transferred to and from the General Reserve (which contains Pool 1 and net investment in capital assets), for the two most recent audited fiscal years of the Agency and for the six-month period ended December 31, 2020 (unaudited) (in thousands) [UPDATE]:

	Six months Ended December 31, 2020 (unaudited)	Fiscal Year Ended June 30, 2020	Fiscal Year Ended June 30, 2019
Revenues			
Fees earned and other income[1]	$	$12,971	$11,212
Interest earned on investments		590	704
Unrealized gain (loss) on investments	--	--	--
Administrative reimbursement[2], [3]		31,336	27,730
Total revenues		44,897	39,646
Expenses			
Salaries and benefits		30,283	15,117
Other general operating expenses		6,900	5,359
Total expenses		37,183	20,476
Revenues over expenses		7,714	19,170
Non-operating transfer of assets between funds[4]	()	(9,876)	(19,320)
Change in net position	()	(2,162)	(150)
Net position beginning of period		14,469	14,619
Net position end of period	$	$12,307	$14,469

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(1) Fees earned consist primarily of fees collected in conjunction with the administration of the low income housing tax credit program and HUD contract administration of certain non-Agency financed Section 8 developments.

(2) The Agency transfers bond funds to the General Reserve for administrative reimbursement in accordance with the Agency's Affordable Housing Plan based on the adjusted assets of the bond funds. Adjusted assets are defined generally as total assets (excluding the reserve for loan loss), unrealized gains or losses on investments (including mortgage-backed securities and interest rate swap agreements), deferred loss on interest rate swap agreements and assets relating to escrowed debt.

(3) Reimbursement from appropriated accounts consists of the portion of direct and indirect costs of administering the programs funded by the appropriations. The Agency recovers costs associated with administering state appropriations only to the extent of interest earnings on the appropriations. Costs associated with administering federal appropriations generally are recovered from the appropriations.

(4) The Agency may transfer excess assets from bond funds to the General Reserve to the extent permitted by the resolution or indenture securing bonds of the Agency. In addition, the Agency may transfer funds in excess of the requirement for Pool 1 from the General Reserve to the Alternative Loan Fund. See the comments under the headings "Interfund Transfers" and "Net Position Restricted by Covenant" in the Notes to Financial Statements of the Agency in Appendix B-1 to this Official Statement for additional information.

State Appropriations

Over the years, the State Legislature has appropriated funds to the Agency to be used for low interest loans, grants, programs for low and moderate income persons and families and other housing related program costs. The Agency generally does not pay its general or administrative expenses from appropriated funds, although it can recover its allocable costs of administering State appropriations from investment earnings thereon. The State

Legislature has appropriated funds to the Agency for its programs in every biennium since 1975. The Agency has expended or committed most of the appropriations.

Over the biennial periods ended June 30, 2013, 2015, 2017 and 2019, the total appropriations to the Agency aggregated approximately $392 million. For the biennium ending June 30, 2021, the Legislature has appropriated approximately $120.6 million to the Agency, including an increase of approximately 9.5 percent to the Agency's base budget for State appropriations.

The appropriations are not available to pay debt service on the Bonds.

Agency Indebtedness

The principal amount of bonds and notes of the Agency that are outstanding at any time (excluding the principal amount of any refunded bonds and notes) is limited to $5,000,000,000 by State statute. The following table lists the principal amounts of general obligation indebtedness of the Agency outstanding as of February 28, 2021 [UPDATE]:

	Number of Series*	Final Maturity	Original Principal Amount* (in thousands)	Principal Amount Outstanding (in thousands)
Rental Housing Bonds	10	2049	$ 47,610	$ 44,225
Residential Housing Finance Bonds	54	2050	2,665,795	1,647,620
Homeownership Finance Bonds	63	2050	2,650,126	1,518,738
Multifamily Housing Bonds (Treasury HFA Initiative)	1	2051	15,000	13,140
Totals	128		$5,378,531	$3,223,723

*Does not include series of bonds or the original principal amount of any bonds that had been, as of February 28, 2021, defeased or paid in full, whether at maturity or earlier redemption.

The payment of principal of and interest on general obligations of the Agency as shown above may be made, if necessary, from the General Reserve or the Alternative Loan Fund. (See "Net Position Restricted By Covenant and Operations to Date—General Reserve; Alternative Loan Fund" above.)

The Agency has entered into liquidity facilities and interest rate swap agreements in respect of its outstanding Residential Housing Finance Bonds that bear interest at a variable rate or floating rate and may be subject to optional and mandatory tender. Certain information related to those variable rate demand bonds, floating rate term bonds, liquidity facilities and swap agreements is included in the Notes to Financial Statements contained in Appendix B-1 to this Official Statement and in the unaudited financial statements contained in Appendix B-2 to this Official Statement. The Agency does not make any representation as to the creditworthiness of any provider or counterparty on facilities and agreements relating to its variable rate bonds.

Certain of the swap agreements obligate the Agency to make periodic fixed rate payments and entitle the Agency to receive periodic payments based on the United States dollar-denominated London Interbank Offered Rate ("USD LIBOR"). In 2017, the Financial Conduct Authority, a United Kingdom regulatory body which supervises USD LIBOR's administrator, stated that it would not attempt to persuade or compel panel banks that currently submit interest rate information used in the setting of USD LIBOR rates to continue to do so after December 31, 2021. The Federal Reserve System and the Federal Reserve Bank of New York (the "NY Fed") convened its Alternative Reference Rate Committee ("ARRC") in 2014, consisting of public and private United States capital market participants, to identify alternative reference rates as an alternative to USD LIBOR, identify best practices for contract robustness in the interest rate market, and create an implementation plan to support an orderly adoption of new references rates. In 2017, the ARRC identified the secured overnight financing rate ("SOFR"), which the NY Fed publishes, as the rate that represents best practice for use in certain new U.S. dollar derivatives and other financial contracts. Likewise, the International Swaps and Derivatives Association's ("ISDA") working group chose SOFR as its replacement for USD LIBOR, and ISDA has released its IBOR Fallbacks Supplement which amends the 2006 ISDA Definitions (applicable to trades occurring on and after January 25, 2021), as well as its IBOR Fallbacks Protocol, which allows contract participants to amend existing contracts to include the new fallback provision. Each of the NY Fed and ISDA has made certain information concerning their respective activities relating to USD LIBOR and alternative reference rates on their respective websites. It is widely anticipated that USD LIBOR will cease to be available in December of 2021, at which time these amendments will become effective and SOFR will replace USD LIBOR. There can be no assurance as to the timing or outcome of these and other USD LIBOR-related regulatory developments, or as to the effects of market reaction to such developments. Further regulatory developments, or the official cessation of USD LIBOR publication, might affect the determination of certain scheduled and, if applicable, termination payment obligations upon those derivatives agreements. The Agency continues to monitor the USD LIBOR-related developments and anticipates it will adhere to the IBOR Fallbacks Protocol or enter into substantially similar agreements directly with its swap providers. In addition, the Agency may seek additional amendments to its other agreements which still use USD LIBOR.

In 2009, the Agency issued $13,270,000 in aggregate principal amount of its Nonprofit Housing Bonds (State Appropriation), Series 2009, to finance permanent supportive housing in two different multifamily housing developments. In 2011, the Agency issued $21,750,000 in aggregate principal amount of its Nonprofit Housing Bonds (State Appropriation), Series 2011, to finance permanent supportive housing in five additional multifamily housing developments. Both series of bonds were issued under a separate indenture of trust, are not general obligations of the Agency and are not payable from any funds or assets of the Agency other than the appropriations the Agency expects to receive from the State General Fund pursuant to a standing appropriation made by the Legislature in 2008.

From time to time, beginning in 2012, the Legislature has authorized the Agency to issue housing infrastructure bonds (the “Housing Infrastructure Bonds”) for various purposes payable, like the Nonprofit Housing Bonds, solely from a standing appropriation from the State General Fund and not from any other funds or assets of the Agency. The aggregate principal amount of Housing Infrastructure Bonds that the Agency may issue is $415,000,000. The Agency has issued 23 series of its State Appropriation Bonds (Housing Infrastructure) in 2013 through 2020 in an aggregate principal amount of $290,330,000 under a separate indenture of trust.

On November 12, 2020, the Agency issued its Second Amended and Restated Bank Note (the “Amended Bank Note”) to Royal Bank of Canada (the “Bank”), pursuant to a Revolving Credit Agreement dated as of June 1, 2018, as amended by a First Amendment to Revolving Credit Agreement dated as of October 28, 2019, a Second Amendment to Revolving Credit Agreement dated as of November 22, 2019 and a Third Amendment to Revolving Credit Agreement dated as of November 12, 2020 (the “Amended Revolving Credit Agreement”), and as further amended from time to time, for the purpose of preserving current private activity bond volume cap by refunding the maturing principal or redemption price, as the case may be, of portions of Homeownership Finance Bonds and Residential Housing Finance Bonds previously issued by the Agency (collectively, the “Single Family Housing Bonds”). Upon the refunding of Single Family Housing Bonds with amounts advanced to the Agency pursuant to the Amended Revolving Credit Agreement as evidenced by the Amended Bank Note, funds representing prepayments and repayments of mortgage loans financed with Single Family Housing Bonds, and other amounts available under the applicable bond resolution for the payment of those Single Family Housing Bonds, will be deposited into a cash collateral fund established under a separate amended and restated indenture of trust, as amended, between the Agency and Wells Fargo Bank, National Association, as trustee, as security for the repayment of the principal amount of the Amended Bank Note that has been advanced to the Agency. The Bank agrees to make advances until December 31, 2021, a later date if extended by the Bank or an earlier date upon an event of default or a termination pursuant to the terms of the Amended Revolving Credit Agreement or if the Agency elects an earlier termination. The amount of the advances outstanding and not repaid with respect to the Amended Bank Note bear interest at a variable interest rate equal to one month LIBOR plus a spread (currently 0.40%) and may not exceed $120,000,000, or the lesser amount then specified in the Amended Revolving Credit Agreement, at any time, and the cumulative amount of the advances made may not exceed $1,100,000,000. The obligation of the Agency to pay the interest on, but not the principal of, the Amended Bank Note is a general obligation of the Agency. The Agency has requested advances in the aggregate principal amount of $[525,334,223, $115,604,736] of which is outstanding.

Agency Continuity of Operations Plan

Certain external events, such as pandemics, natural disasters, severe weather, technological emergencies, riots, acts of war or terrorism or other circumstances, could potentially disrupt the Agency’s ability to conduct its business. A prolonged disruption in the Agency’s operations could have an adverse effect on the Agency’s financial condition and results of operations. To plan for and mitigate the impact such an event may have on its operations, the Agency has developed a Continuity of Operations Plan (the "Plan"). The Plan is designed to (i) provide for the continued execution of the mission-essential functions of the Agency and minimize disruption if an emergency threatens, interrupts or incapacitates the Agency's operations, (ii) provide Agency leadership with timely direction, control and coordination before, during and after an emergency or similar event, and (iii) facilitate the return to normal operating conditions as soon as practical based on the circumstances surrounding any given emergency or similar event. No assurances can be given that the Agency's efforts to mitigate the effects of an emergency or other event will be successful in preventing any and all disruptions to its operations.

Cybersecurity

The Agency relies on a complex technology environment to conduct its operations. As a recipient and provider of personal, private and sensitive information, the Agency faces multiple cyber threats including, but not limited to, hacking, viruses, malware, ransomware, phishing, business email compromise, and other attacks on computers and other sensitive digital networks, systems, and assets. Housing finance agencies and other public finance entities have been targeted by outside third parties, including technologically sophisticated and well-resourced actors, attempting to misappropriate assets or information or cause operational disruption and damage. Further, third parties, such as hosted solution providers, that provide services to the Agency, could also be a source of security risk in the event of a failure of their own security systems and infrastructure.

The Agency uses a layered approach that employs sound operational strategies and security technology solutions to secure against, detect, and mitigate the effects of cyber threats on its infrastructure and information assets. The Agency conducts regular information security and privacy awareness training that is mandatory for all Agency staff. The Agency's Business Technology Support group has management responsibility for all information technology and leads the efforts of the Agency to keep its cyber assets secure. The Agency's Business Technology Support group and contracted services from the Office of MN.IT Services, an agency of the executive branch of the State, regularly conduct risk assessments, audits and tests of the Agency's cybersecurity systems and infrastructure.

Despite its efforts, no assurances can be given that the Agency's security and operational control measures will be successful in guarding against any and each cyber threat and attack, especially because the techniques used by perpetrators are increasingly sophisticated, change frequently, are complex, and are often not recognized until launched. To date, cyber attacks have not had a material impact on the Agency's financial condition, results or business; however, the Agency is not able to predict future attacks or their severity. The results of any attack on the Agency's computer and information technology systems could impact its operations for an unknown period of time, damage the Agency's digital networks and systems, and damage the Agency's reputation, financial performance, and customer or vendor relationships. Such an attack also could result in litigation or regulatory investigations or actions, including regulatory actions by state and federal governmental authorities. The costs of remedying any such damage could be substantial and such damage to the Agency's reputation and relationships could adversely affect the Agency's ability to conduct its programs and operations in the future.

COVID-19 Economic Disruption

The recent global outbreak of COVID-19, a respiratory disease declared to be a pandemic (the "Pandemic") by the World Health Organization, is affecting the national capital markets and may negatively impact the State's housing market and its overall economy. The threat from the Pandemic is being addressed on a national, federal, state and local level in various forms, including executive orders and legislative actions.

On March 13, 2020, the President of the United States declared a national emergency with respect to the Pandemic. In addition, the United States Congress recently enacted several COVID-19-related bills, including the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), signed into law on March 27, 2020, which provides over $2 trillion of direct financial aid to American families, payroll and operating expense support for small businesses, and loan assistance for distressed industries, as well as providing funds to and directing the Federal Reserve System to support the capital markets.

With respect to multifamily housing mortgage loans which are (a) insured, guaranteed, supplemented or assisted in any way by the federal government (including any HUD program or related program) or administered by any federal agency or (b) purchased or securitized by Fannie Mae or Freddie Mac (collectively, "Federal Multifamily Loans"), the CARES Act also provides that, if a Federal Multifamily Loan was current as of February

1, 2020 and is not for temporary financing (i.e., not a construction loan), then until the earlier of the termination of the Pandemic or December 31, 2020, the borrower may request a 30-day payment forbearance, and up to two additional 30-day forbearances. During the period of any such forbearance, the borrower may not evict any tenant solely for nonpayment of rent. Such relief follows actions previously taken by the Federal Housing Finance Agency, which announced that Fannie Mae and Freddie Mac would offer mortgage loan forbearance to multifamily property owners on the condition that they suspend all evictions for renters who cannot pay their rent because of COVID-19. That forbearance is available for up to six months. Fannie Mae and Freddie Mac have extended the deadline for application to March 31, 2021. To further prevent the spread of COVID-19, the Centers for Disease Control and Prevention, located within the Department of Health and Human Services, has issued an order preventing any entity with a legal right to pursue eviction, or other possessory action, from evicting certain covered persons from residential properties through January 31, 2021. The Agency has not entered into any forbearance agreements. The Agency also has provided loans that secure outstanding bonds of the Agency under its single family housing program, many of which loans are covered by the relief provisions of the CARES Act, and has granted forbearance approvals when required. The Agency's loans provided under its home improvement program and its monthly payment loan program, as well as some loans for single family housing that are not pledged as security for any debt of the Agency, are not affected by the relief provisions of the CARES Act. However, the Agency has granted and may choose to grant forbearance approvals for certain of these loans during the Pandemic. (See "Other Programs")

The CARES Act directs the Federal Reserve Bank to provide liquidity to the financial system through a new facility to purchase certain new issuances of securities by eligible issuers, including housing finance agencies and other state and local governments. Such injection of liquidity follows recent actions by the Federal Reserve Bank, including the purchase of U.S. Treasury securities and the Government National Mortgage Association ("GNMA"), Fannie Mae and Freddie Mac mortgage-backed securities, facilitating the flow of credit to municipalities by expanding its Money Market Mutual Fund Liquidity Facility to include a wider range of securities, including municipal variable rate demand notes (such as variable rate demand obligations of housing finance agencies).

On March 13, 2020, the Governor of the State declared a peacetime emergency with respect to the Pandemic. By various executive orders, which have the force and effect of law during a peacetime emergency, the Governor has directed: residents of the State to first stay at home and shelter in place and subsequently permitting residents to conduct limited activities outside the home; the closure of schools for the remainder of the current school year; the closure and then partial re-opening of restaurants, bars, other public accommodations and certain non-essential businesses; and the suspension of evictions and lease terminations; in each instance subject to further change. The Governor has extended the peacetime emergency beyond the initial 30-day period, may extend it further and may issue additional executive orders pursuant to his authority during that emergency. The peacetime emergency, since extended beyond 30 days, may be terminated by majority vote of both houses of the legislature of the State.

An executive order of the Governor designated the operation of the Agency as a critical service and Agency personnel, though almost exclusively teleworking, are continuing all operations in order to provide the Agency's programs (see "Agency Continuity of Operations Plan" above). At this time the Agency cannot predict (i) the duration or extent of the Pandemic; (ii) the duration or expansion of any foreclosure or eviction moratorium affecting the Agency's ability to foreclose and collect on delinquent mortgage loans; (iii) the number of mortgage loans that will be in forbearance or default as a result of the Pandemic and subsequent federal, state and local responses thereto, including the CARES Act; (iv) whether and to what extent the Pandemic may disrupt the local or global economy, real estate markets, manufacturing, or supply chain, or whether any of those types of disruption may adversely impact the Agency or its operations; (v) whether or to what extent the Agency or other government agencies may provide additional deferrals, forbearances, adjustments, or other changes to payments on mortgage loans; or (vi) the effect of the Pandemic on the State budget, or whether any such effect may adversely impact the Agency or its programs. The Agency is monitoring and assessing the impact on its programs, operations and financial position, including its ability to continue to make and finance Mortgage Loans. However, the continuation of the Pandemic and the resulting containment and mitigation efforts could have a material adverse effect on the Agency's programs, operations and finances.

THE DEVELOPMENT

The Development

The Agency intends to use the proceeds of the Series Bonds to make a short-term first lien bridge Mortgage Loan that will finance a portion of the costs of the acquisition and construction of a multifamily housing development. The Development, to be known as North Moorhead Village, will be the acquisition and construction of a three-story building, located in Moorhead, Minnesota. The Development will have 46 residential units. The total development cost is estimated to be approximately $11.07 million. The Development is expected to be completed by May 31, 2022. The Development will be acquired and constructed by North Moorhead Village, LLC, a Wisconsin limited liability company, or another entity affiliated with Commonwealth Development Corporation, a Wisconsin corporation.

The Agency expects to use the proceeds of the Series Bonds to be deposited in the Mortgage Loan Account to make the bridge Mortgage Loan with respect to the Development on the date of issuance of the Series Bonds. The bridge Mortgage Loan, in the principal amount of $5.485 million,* will mature in full on July 1, 2023.* The bridge Mortgage Loan will not be insured by FHA or secured by any other third-party credit enhancement, but the Agency expects it to be repaid from a long-term end loan from the Agency in the principal amount of $2.409 million, a portion of two deferred repayment loans from the Agency in the aggregate principal amount of approximately $4.953 million and a portion of the equity contributions from the tax credit investor, which is purchasing the low income housing tax credits described below. The bridge Mortgage Loan will be secured in part by a guaranty from each of Commonwealth Development Corporation and Commonwealth Construction Corporation.

As a result of the issuance of the Series Bonds, all of the dwelling units in the Development will be eligible for low income housing tax credits under Section 42 of the Internal Revenue Code of 1986, as amended. Occupancy in all of those dwelling units will be limited to households with incomes at initial occupancy at or below 60 percent of the area median income, adjusted for household size, for a period of 40 years.

Ten of the dwelling units, four of which will be reserved for households who have experienced long-term homelessness, will benefit from Housing Support Rate 2 payments provided by Clay County.

Estimated Sources and Uses of Series Bond Proceeds and Agency Funds

The estimated sources and uses of proceeds of the Series Bonds and funds to be provided by or through the Agency are as follows:

Sources:	
Principal Amount of Series Bonds	$5,485,000*
Funds Available to the Agency	________
Total Sources of Funds	$________.
Uses:	
Series B Mortgage Loan Account	$5,485,000*
Revenue Fund	
Costs of Issuance	________
Total Uses of Funds	$________.

*Preliminary, subject to change.

THE SERIES BONDS

The Series Bonds will be fully registered bonds initially registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC") which will act as securities depository for the Series Bonds. Wells Fargo Bank, National Association, Minneapolis, Minnesota, serves as Trustee under the Bond Resolution.

The Series Bonds will be issued in the denominations of $5,000 or any integral multiple thereof. The Series Bonds mature, subject to redemption as herein described, on the date and in the amount set forth on the inside front cover hereof.

The Series Bonds bear interest from their dated date, payable semiannually on February 1 and August 1 of each year, commencing August 1, 2021,* at the rate set forth on the inside front cover hereof until payment of the principal or redemption price of the Series Bonds. As long as the Series Bonds are in book-entry form, interest on the Series Bonds will be paid by moneys wired by the Trustee to DTC, or its nominee, as registered owner of the Series Bonds, and DTC will redistribute that interest. (See Appendix E – "Book-Entry-Only System.")

For every exchange or transfer of Series Bonds, whether temporary or definitive, the Agency or the Trustee may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to that exchange or transfer.

Special Redemption at Par

The Agency may redeem the Series Bonds, at its option, in whole or in part on any date, at a redemption price equal to the principal amount thereof plus accrued interest, without premium, (i) from unexpended proceeds of the Series Bonds not used to finance the Development; or (ii) in the event the Agency receives or recovers Recovery Payments (as defined in Appendix D) relating to the Development. The Agency will apply any unexpended proceeds or Recovery Payments to the redemption of Series Bonds, as determined by the Agency. If Recovery Payments are not sufficient to redeem all Outstanding Series Bonds, the Agency may apply other funds to redeem the Series Bonds in addition to the Recovery Payments.

Optional Redemption

The Agency may redeem the Series Bonds at its option, in whole or in part, on any date on or after February 1, 2023,* in amounts as the Agency may designate, at a redemption price equal to the principal amount thereof plus accrued interest to the date of redemption, without premium.

General Redemption Provisions

Any Series Bonds to be redeemed will be redeemed only upon receipt by the Trustee of a certificate signed by an authorized officer of the Agency stating the principal amount of the Series Bonds to be redeemed. If less than all Series Bonds are to be redeemed, the Series Bonds to be redeemed are to be selected in $5,000 principal amounts at random by the Trustee. The Agency will not at any time cause Series Bonds to be optionally redeemed if this would have any material adverse effect on its ability to pay when due the principal of and interest on the Bonds Outstanding after the redemption.

The Trustee is required to mail a copy of the notice of redemption to the registered owner of any Series Bond called for redemption at least 30 days prior to the redemption date. Any defect in or failure to give the required mailed notice of redemption will not affect the validity of any proceedings for the redemption of Series Bonds not affected by that defect or failure.

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*Preliminary, subject to change.

SECURITY FOR THE BONDS

Outstanding Bonds, including the Series Bonds, are secured as provided in the Bond Resolution by a pledge and a grant of a security interest in (a) all proceeds of the sale of Bonds (other than proceeds deposited in trust for the retirement of outstanding bonds and notes), (b) all Mortgage Loans and Investments made or purchased from the proceeds, (c) all Revenues as defined in the Bond Resolution, and (d) money, Investments, and other assets and income held in and receivables of Funds established by or pursuant to the Bond Resolution. The Bonds, including the Series Bonds, are also general obligations of the Agency, payable out of any of its moneys, assets or revenues, subject only to the provisions of other resolutions or indentures now or hereafter pledging and appropriating particular moneys, assets or revenues to particular notes or Bonds, and federal or State laws heretofore or hereafter enacted pledging particular funds for a specified purpose. The pledge and security interests granted by the Bond Resolution are for the equal benefit, protection and security of Holders of all Bonds, including the Series Bonds.

The Agency has no taxing power. The State of Minnesota is not liable for the payment of the Bonds, including the Series Bonds, and the Series Bonds are not a debt of the State.

Mortgage Loans

The Bond Resolution requires, except in certain circumstances hereinafter described, that each Mortgage Loan be secured by a first mortgage lien (subject to permitted encumbrances) on the real property, or leasehold interest of the Mortgagor in the real property under a lease with a term at least twice the length of the term of the Bonds, that is the site of the Development financed by that Mortgage Loan, and all improvements thereon. At the initial closing for each Development, the Agency receives a recorded Mortgage and a mortgagee's title insurance policy in the amount of the Mortgage Loan. The Agency may also participate with other parties in the making of a Mortgage Loan if the Agency's mortgage lien, in proportion to its participation, is on a parity with or superior to that of all other parties, but the interest rate and time and rate of amortization of that part of the Mortgage Loan made by the Agency and that made by others need not be equal. The Bond Resolution also permits the Agency, if it holds a Mortgage that constitutes a first mortgage lien on a Development, to make an additional Mortgage Loan for the Development and secure the additional Mortgage Loan by a Mortgage on a parity with or junior and subordinate to the first lien Mortgage held by the Agency. In addition, the Bond Resolution allows the Agency to make Subordinate Mortgage Loans with respect to a Development upon the terms and conditions as the Agency may deem appropriate, but solely from amounts that would otherwise be available to be removed by the Agency from the lien of the Bond Resolution.

Under the Bond Resolution, there will at all times be scheduled payments of principal and interest on Mortgage Loans pledged under the Bond Resolution that, when added to any other legally enforceable payments on Mortgage Loans or with respect to the Bond Resolution (including Counterparty Hedge Payments), and interest and other income estimated by the Agency to be derived from the investment or deposit of money available therefor in any Fund or Account created by the Bond Resolution, will be sufficient to pay the Principal Installments of and interest on all Outstanding Bonds (excluding from the calculations all amounts scheduled to be received pursuant to the provisions of Subordinate Mortgage Loans). In making a determination as of any date that this covenant is met, the Agency may make assumptions as to future events (including, as applicable, assumptions as to the amounts of Agency Hedge Payments and Counterparty Hedge Payments and the amount of interest payable on Variable Rate Bonds), which assumptions must be based upon the Agency's reasonable expectations as of the date of the determination. The Agency may forgive a portion of the interest on any Mortgage Loan provided that, after giving effect to the reduction and all similar reductions then in effect, the Agency continues to comply with the covenant.

The scheduled payments of the Principal Installments of and interest on the Bonds are generally based on the receipt of scheduled payments by the Agency on the Mortgage Loans and any Subordinate Mortgage Loans, together with capitalized interest and estimated investment income of certain Funds and Accounts established by the Bond Resolution, to the extent provided therein. The ability of the Mortgagors to make scheduled payments to the Agency depends, among other things, on the Developments achieving and sustaining occupancy and rental levels necessary to generate rental income that, together with any applicable subsidies, the Agency expects will be sufficient to meet the required loan payments, to fund required reserves and escrows and to meet operating expenses. Under the Bond Resolution, the Agency (unless otherwise required by any agency of the United States guaranteeing, insuring or otherwise assisting in the payment of the Mortgage Loan or Subordinate Mortgage Loan) may give its consent to Prepayment of a Mortgage Loan or Subordinate Mortgage Loan only if certain conditions as described under the caption “Summary of Certain Provisions of the Bond Resolution — Mortgage Provisions and Conditions — Prepayments” in Appendix D hereto have been met. If any Mortgage Loan or Subordinate Mortgage Loan goes into default or investment income differs from the amounts estimated to be received, the amount of money available for the payment of Principal Installments of and interest on the Bonds may be adversely affected; however, as is described elsewhere in this Official Statement, moneys may be available from other sources, including the Debt Service Reserve Fund.

Appendix A to this Official Statement contains a brief description of the Mortgage Loans outstanding as of June 30, 2020 that have been financed by Bonds or that have been pledged as additional security under the Bond Resolution for the payment of Outstanding Bonds.

Debt Service Reserve Fund

No funds will be credited to the Debt Service Reserve Fund with respect to the Series Bonds (and the Debt Service Reserve Requirement in respect of the Series Bonds will be $0.00), since, in addition to the other security provided pursuant to the Bond Resolution, payment of principal with respect to the bridge loan funded by the Series Bonds will be secured as described under “The Development.”

Upon issuance of the Series Bonds, the aggregate Debt Service Reserve Requirement for the Bond Resolution will be approximately $1,156,006 and the value of the investments in the Debt Service Reserve Fund as calculated under the Bond Resolution will not be less than the aggregate Debt Service Reserve Requirement. The Debt Service Reserve Fund secures all Bonds issued under the Bond Resolution, including the Series Bonds, on an equal basis.

The Act provides that the Agency may create and establish one or more debt service reserve funds for the security of its bonds. The Agency will use moneys held in or credited to a debt service reserve fund solely for the payment of principal of bonds of the Agency as the same mature, the purchase of those bonds, the payment of interest thereon or the payment of any premium required when the bonds are redeemed before maturity, provided that the moneys in that fund must not be withdrawn therefrom at any time in an amount as would reduce the amount reasonably necessary for the purposes of the fund, except for the purpose of paying principal and interest due on the bonds secured by the fund for the payment of which other moneys of the Agency are not available. The Agency may not issue any additional bonds or notes that are secured by a debt service reserve fund if the amount in that debt service reserve fund or any other debt service reserve fund at the time of that issuance does not equal or exceed the minimum amount required by the resolution creating that fund unless the Agency deposits in each fund at the time of the issuance from the proceeds of the bonds or otherwise an amount that, together with the amount then in the fund, will be no less than the minimum amount so required. The Act further provides that:

> In order to assure the payment of principal and interest on bonds and notes of the agency and the continued maintenance of all debt service reserve funds created and established therefor, the agency shall annually determine and certify to the governor, on or before December 1, (a) the amount, if any, then needed to restore each debt service reserve fund to the minimum amount required by the resolution or indenture establishing the fund, not exceeding the maximum amount of principal and interest to become due and payable in any subsequent year on all bonds or notes which are then outstanding and secured by such fund; and (b) the amount, if any, determined by the agency to be needed in the then immediately ensuing fiscal year, with other funds pledged and estimated to be received during that year, for the payment of the principal and interest due and payable in that year on all then outstanding bonds and notes secured by a debt service reserve fund the amount of which is then less than the minimum amount agreed. The governor shall include and submit to the legislature, in the budget for the following fiscal year, or in a supplemental budget if the regular budget for that year has previously been approved, the amounts certified by the agency . . . .

In the opinion of Bond Counsel and counsel to the Agency, the Legislature is legally authorized, *but not legally obligated,* to appropriate those amounts to the Debt Service Reserve Fund.

Additional Bonds

The Bond Resolution permits the issuance of additional Bonds, upon the adoption of a series resolution, to provide funds for the purpose of financing Mortgage Loans for Developments under the Agency's programs of making Mortgage Loans and, in addition, to refund outstanding Bonds or other obligations issued to finance Mortgage Loans, upon certain conditions contained therein (see Appendix D – "Summary of Certain Provisions of the Bond Resolution—Additional Bonds"), without limitation as to amount except as may from time to time be provided by law. Any additional Bonds issued under the Bond Resolution will be secured on an equal basis with the Series Bonds and the Outstanding Bonds and entitled to the equal benefit, protection and security of the provisions, covenants and agreements of the Bond Resolution.

Nothing in the Bond Resolution prohibits the financing of other multifamily housing developments under other bond resolutions.

State Pledge Against Impairment of Contracts

The State in the Act has pledged to and agreed with the Bondholders that it will not limit or alter the rights vested in the Agency to fulfill the terms of any agreements made with them or in any way impair the rights and remedies of the Bondholders until the Bonds, together with the interest thereon and on any unpaid installments of interest, and all costs and expenses in connection with any action or proceeding by or on behalf of those Holders, are fully met and discharged.

THE RENTAL HOUSING PROGRAM

The Bond Resolution is currently the primary source of funds borrowed by the Agency to fund its multifamily housing programs. The proceeds of Bonds issued under the Bond Resolution are lent by the Agency to for-profit, nonprofit and limited profit sponsors that agree to construct or rehabilitate the Developments and lease the dwelling units therein principally to persons and families with low and moderate incomes.

The precise nature of the multifamily housing programs financed under the Bond Resolution has varied over the years and is expected to continue to vary based on the housing needs of the State of Minnesota and resources available to address those needs. There follows a description of the housing programs for which there are loans outstanding that were either funded from Bond proceeds under the Bond Resolution or are pledged as additional security under the Bond Resolution. All of the Developments financed under the Bond Resolution in recent years have been processed under the Low and Moderate Income Rental Program, either as long-term loans or as bridge loans. Recently originated loans have included the acquisition and construction of rental properties that will be eligible for federal low-income housing tax credits and loans for the preservation of existing federal subsidies under the Section 8 program.

The existing Developments financed by Outstanding Bonds have been originated under the following programs:

—Low and Moderate Income Rental Program (including HUD Risk-Sharing Program)

—Section 8 Housing Assistance Payment New Construction/Substantial Rehabilitation Program (Uninsured Developments)/Asset Management Program

In addition to the programs listed above, loans contributed as additional security under the Bond Resolution have been financed under the following program:

—Market Rate Mortgage Loan Program

The following table provides summary data regarding the outstanding loans financed or pledged as a portion of the security for the Rental Housing Bond Resolution as of December 31, 2020 for the programs as listed above:

Rental Housing Program Mortgage Loan Program Summary as of December 31, 2020

Program	Number of Loans	Number of Units	Outstanding Loan Amount	Percentage of Total Amount
Section 8 Housing Assistance Payments Program*	27	1,366	$20,564,011	12.99%
Low and Moderate Income Rental Program**	54	3,369	136,260,744	86.07
Market Rate Mortgage Loan Program	4	216	1,486,896	0.94
	85	4,951	$158,311,651	100.00%

*Includes six HUD Risk-Sharing loans for Developments with 538 aggregate units and an aggregate outstanding loan amount of $17,406,134.

**Includes 33 HUD Risk-Sharing loans for Developments with 2,918 aggregate units and an aggregate outstanding loan amount of $79,997,326 and six bridge mortgage loans for Developments with 247 units and an aggregate outstanding loan amount of $30,370,000.

Low and Moderate Income Rental Program

The Low and Moderate Income Rental Program (the "LMIR Program") is the program under which the Agency is currently making loans funded from the proceeds of Bonds issued under the Bond Resolution. Some of the loans involve the preservation of existing federal housing subsidies. The federal housing subsidies preserved in connection with loans under the LMIR Program have included Section 8 project-based assistance; this subsidy program is described below. Most recent developments financed under this program have also benefited from the receipt of federal low-income housing tax credits.

In the LMIR Program, which is administered by the Multifamily Division of the Agency, the Agency uses the proceeds of Bonds issued under the Bond Resolution to provide permanent and construction loan financing for the acquisition/rehabilitation or construction of multifamily housing Developments. The Agency, under the LMIR Program, may also use other available funds to provide permanent and construction loan financing for the acquisition/rehabilitation, refinance/rehabilitation or construction of multifamily housing Developments. The proceeds of the Bonds or other available funds are lent by the Agency to nonprofit or limited profit entities that agree to construct or rehabilitate the Developments and lease the dwelling units therein principally to persons and families of low and moderate income. Several of the loans made under the LMIR Program have been insured under the FHA Section 223(a)(7) and 241 insurance programs. Generally, loans to Developments financed under the LMIR Program also receive one or more low- or non-interest bearing, non-amortizing subordinate loans that facilitate keeping rents below market rate levels and reduce the amount of amortizing debt.

In the Agency's administration of its LMIR Program, the Agency has made Mortgage Loans of up to 100 percent of total development costs. Mortgage Loans for Developments are generally made for terms of 30 to 40 years or are made as short-term loans payable when construction or rehabilitation is completed.

HUD Risk-Sharing Program

As part of the LMIR Program under the Bond Resolution, the Agency has made and expects to make Mortgage Loans under the Department of Housing and Urban Development Housing Finance Agency Risk-Sharing Program for Insured Affordable Multifamily Project Loans ("HUD Risk-Sharing Program"). Section 542(c) of the Housing and Community Development Act of 1992, as amended (the "Risk-Sharing Act") authorized the Secretary of the Department of Housing and Urban Development ("HUD") to enter into risk-sharing agreements with qualified state or local housing finance agencies ("HFAs") to enable those HFAs to underwrite and process loans for which HUD, acting through the Federal Housing Administration ("FHA"), will provide full mortgage insurance for eligible projects. HUD has promulgated regulations at 24 C.F.R. Part 266 (the "Regulations") pursuant to the Risk-Sharing Act. The HUD Risk-Sharing Program allows HFAs to carry out certain HUD functions, including the assumption of underwriting, loan management and property disposition functions and responsibility for defaulted loans, and provides for reimbursement of HUD for a portion of the loss from any defaults that occur while the HUD contract of mortgage insurance is in effect.

The HUD Risk-Sharing Program requires that an interested HFA first be approved as a qualified housing finance agency. Upon notification of approval as a qualified HFA, the HFA must execute a risk-sharing agreement between the Commissioner of FHA and the HFA. The risk-sharing agreement must state the agreed upon risk apportionment between HUD and the HFA, the number of units allocated to the HFA, a description of the HFA's standards and procedures for underwriting and servicing loans, and a list of HFA certifications designed to assure its proper performance.

Projects eligible to be insured under the HUD Risk-Sharing Program include projects receiving Section 8 or other rental subsidies, single room occupancy projects, board and care/assisted living facilities and elderly projects. Transient housing or hotels, projects in military impact areas, retirement service centers, and nursing homes or intermediate care facilities are specifically excluded from eligibility for insurance under the program.

The Agency has been designated by HUD as a "qualified HFA" under the Risk-Sharing Act. The Agency has entered into a risk-sharing agreement with HUD dated as of May 3, 1994 (the "Risk-Sharing Agreement") which sets out the terms for the Agency's participation in the HUD Risk-Sharing Program. The Agency has a "Level I" and "Level II" approval under the regulations, which means the Agency agrees to reimburse HUD for 50 percent, or from 10 percent to 50 percent, of any losses incurred as a result of a default under a HUD Risk-Sharing Program loan. "Level I" approval permits the Agency to use its own underwriting standards and loan terms and conditions (as disclosed and submitted with its application) to underwrite and approve loans with review and approval by the local HUD office. Most of the Developments committed to be financed to date under the HUD Risk-Sharing Program have been insured based upon a 50/50 split of any losses.

Prior to funding of a Mortgage Loan by the Agency, HUD issues a Risk-Sharing Firm Approval Letter under which it agrees to endorse the Mortgage Note either at closing (in which case all advances are insured) or upon completion of construction and satisfaction of various conditions relating to the Mortgage Loan, including funding of all anticipated sources of funds. If the Mortgage Note is not endorsed until completion of construction, HUD is not obligated to reimburse the Agency for any losses that occur as a result of a default under the loan documents prior to completion of construction and endorsement of the Mortgage Note for insurance by HUD.

A mortgagee under an FHA-insured mortgage is entitled to receive the benefits of insurance after the mortgagor has defaulted and that default continues for a period of 30 days. If the default continues to exist at the end of the 30-day grace period, the mortgagee is required to give HUD written notice of the default within 10 days after that grace period and monthly thereafter, unless waived by HUD, until the default has been cured or the Agency has filed an application for an initial claim payment. Unless a written extension is granted by HUD, the Agency must file an application for initial claim payment (or, if appropriate, for partial claim payment) within 75 days from the date of default unless extended at the request of the HFA. The initial claim amount is based on the unpaid principal balance of the mortgage note as of the date of default, plus interest at the mortgage note rate from the date of default to the date of initial claim payment. HUD must make all claim payments in cash. The initial claim payment is equal to the initial claim amount, less any delinquent mortgage insurance premiums, late charges and interest assessment under the Regulations. Within 30 days of the initial claim payment, the HFA must use the proceeds of the initial claim payment to retire any bonds or any other financing mechanisms and must also issue to HUD a debenture, payable in five years unless extended, in an amount equal to the amount of the initial claim payment, representing the HFA's reimbursement obligation to HUD under its Risk-Sharing Agreement.

The Regulations provide that not later than 30 days after either (1) foreclosure sale or sale after acceptance of a deed-in-lieu of foreclosure or (2) expiration of the term of the HFA debenture, loss on the mortgaged property is determined and allocated between HUD and the HFA in accordance with their respective percentages of risk specified in the Mortgage Note and the Risk-Sharing Agreement.

The Agency Regulatory Agreement

The uninsured Section 8-assisted Developments and Developments financed under the LMIR and HUD Risk-Sharing Programs are all subject to regulatory agreements with the Agency regulating their rents, distributions, occupancy, management and operation. The regulatory agreements are in effect during the entire term of the Mortgage Loan. Under the regulatory agreements, a limited-profit or nonprofit owner may not make distributions to its partners or members in any one year in excess of a percentage of its initial equity in a Development. The allowable percentage of equity ranges from 6 percent to 15 percent, depending on the program under which the Mortgage Loan was financed.

Section 8 Program

General Description

Under the Section 8 Program, HUD provides for the payment of a subsidy for the benefit of low income families, which are defined generally as those families whose incomes do not exceed 80 percent of the median income for the area, as determined by HUD. Until recent years, almost all of the Developments with Section 8 subsidies financed by the Agency were financed from a set-aside from HUD under which the Developments were underwritten and financed by the Agency. The Agency entered into Traditional Contract Administration ("TCA") Annual Contributions Contracts ("ACC"s) with HUD and Section 8 Housing Assistance Payments Contracts ("HAP Contracts") with owners under which the subsidy payments were made on behalf of tenants in the Developments. Pursuant to the ACC for each Development, HUD committed funding through the entire term of the HAP Contract. The Agency receives monthly subsidy payments with respect to each assisted dwelling unit, and then in turn disburses or credits monthly housing assistance payments to the owner of the Development under the HAP Contract. In addition, several of these Developments also received an Agency first mortgage loan, some of which were insured under an FHA insurance program. After the initial contract expiration, many of these HAP Contracts have been renewed for a period of 20 years. The owner has the option to renew for a shorter term. It is anticipated, but not assured, that HUD will continue to provide the opportunity for owners to renew expiring HAP Contracts under the provisions of Section 524 of the Multifamily Assisted Housing Reform and Affordability Act of 1997, as amended. In recent years, the Agency has provided new financing (deferred or amortizing) to Developments with HAP Contracts, many in conjunction with a Declaration of Covenants, Conditions and Restrictions pursuant to which the owner has agreed to continuously renew the HAP Contract through the maturity date of the Agency's Mortgage Loan. It is anticipated, but not assured, that the federal government will continue to provide these owners with the option to renew their HAP Contracts upon expiration. Renewals of HAP Contracts beyond the expiration of the initial contract term are subject to annual appropriations and spending authority in the federal budget. Contracts to convert tenant-based HUD vouchers or certificates into project-based assistance (as described below) are also subject to annual appropriation and spending authorization in the federal budget.

HAP Contract Term for State Agency Set-Aside Program

Under HUD regulations, the initial terms of the HAP Contracts for uninsured Developments financed under the state agency set-aside program were for either 30 or 40 years, with provisions for renewal for five-year periods within the 30- or 40-year term. The term of the initial ACC is the same as the initial HAP Contract term. Nonrenewal of the Section 8 HAP Contract under federal law and Minnesota state statutes requires proper notification to the residents, the applicable city, the Metropolitan Council Housing and Redevelopment Authority, the Agency and HUD. This nonrenewal (opt-out) of the HAP Contract is independent of the Development's existing first mortgage financing. (See "Certain Information Regarding Housing Assistance Payment Contracts – Certain Recent Developments.") Although the Section 8 housing assistance payments are made to the owner and in effect represent rental income, the HAP Contract may, with HUD's consent, be assigned as security by the owner to the first mortgage lender for the Development. All of the Developments with HAP Contracts within the Agency's first mortgage loan portfolio are assigned to the Agency as security for the Mortgage Loan. HAP Contracts may not be terminated by HUD if the Mortgage Loan on the Development goes into default, so long as the owner has not breached any of the owner's obligations under the HAP Contract. In the event of a breach of the HAP Contract by the owner, HUD may abate subsidy payments or terminate the HAP Contract after giving the owner reasonable opportunity to comply with the requirements of the HAP Contract. Under HUD regulations, the HAP Contract may be assigned to a new owner of the Development. HUD may also determine that the HAP Contract may be terminated or may reassign the Section 8 housing assistance payments subsidy to another development. If the Section 8 subsidy is assigned to another development, the HAP Contract and the ACC will continue in effect and housing assistance payments will continue in accordance with the terms of the HAP Contract. (See "Certain Information Regarding Housing Assistance Payment Contracts – Certain Recent Developments.")

Certain Information Regarding Housing Assistance Payment Contracts

General

The following discussion provides certain information with regard to the Section 8 program and HAP Contract requirements that may affect payments made by HUD pursuant to the HAP Contracts. That information is not comprehensive or definitive and, as appropriate, is qualified in its entirety by reference to the United States Housing Act of 1937, as amended (the "Housing Act"), and HUD Section 8 Program Guidebooks, Handbooks, Notices, and Memoranda.

Adjustments in Contract Rents

The HAP Contract defines the type of contract rent adjustment that the Development can request. For HAP Contracts in the Agency's Traditional Contract Administration portfolio that are in their original term, owners can request an Annual Adjustment Factor Rent Adjustment based on the annual adjustment factor published by HUD. Interim revisions may be made where market conditions warrant. The annual adjustment factor is applied on the anniversary date of each HAP Contract to contract rents, resulting in upward adjustment. Pursuant to federal legislation enacted in 1997, if the contract rents for a Development exceed the applicable HUD fair market rents, then contract rents may not be increased beyond comparable market rents (plus the initial differential between the initial contract rents and the comparable rents). The comparable rents are determined by independent appraisals of Developments in the form of a Rent Comparability Study submitted by the owner. In addition, special additional adjustments may be granted to reflect increases in the actual and necessary expenses of owning and maintaining a Development resulting from substantial "and general increase in real property taxes, assessments, utility rates and hazard insurance increases, where the increased cost is not sufficiently covered by the annual AAF adjustment." HUD Notice H 2002-10. Adjustments may not result in material differences between rents charged for assisted units and unassisted units of similar quality and age in the same market area, except to the extent of the initial difference at the time of contract execution. Under current law, "[t]he Secretary may not reduce the contract rents in effect on or after April 15, 1987, for newly constructed, substantially rehabilitated, or moderately rehabilitated projects assisted under this section, unless the project has been refinanced in a manner that reduces the periodic payments of the owner." 42 U.S.C. § 1437f(c)(1)(C). There can be no assurance that increases in contract rents will result in revenues sufficient to compensate for increased operating expenses of the Developments. There can be no assurance that there will not be a decrease in contract rents. A rent decrease may affect the ability of the owners of the Developments to pay principal and interest on the Mortgage Loans, which in turn could adversely affect the ability of the Agency to make timely payments of interest and principal on the Bonds with amounts pledged under the Bond Resolution. (See "Certain Recent Developments.")

Limitations on Increases in Housing Assistance Payments

An increase in contract rents, because of the application of an annual adjustment factor or a special additional adjustment, will normally result in an increase in Housing Assistance Payments payable to the owner under the HAP Contract. The annual maximum housing assistance payments are initially limited to the initial contract rents. A project account is required to be established and maintained by HUD, in an amount determined by HUD, and the account must be established and maintained consistent with its responsibilities under the Housing Act. Whenever the estimated annual housing assistance payment exceeds the annual maximum housing assistance commitment and would cause the amount in the project account to be less than 40 percent of that maximum commitment, HUD is required to take additional steps authorized by Section 8(c)(6) of the Housing Act to assure that housing assistance payments will be increased on a timely basis. Section 8(c)(6) of the Housing Act authorizes "the reservation of annual contributions authority for the purpose of amending housing assistance contracts, or the allocation of a portion of new authorizations for the purpose of amending housing assistance contracts." Based on this guidance, HUD does not increase annual contributions contract authority until the project account has been exhausted.

Certain Recent Developments

In July 2002, HUD announced an interpretation of its Office of General Counsel with respect to the form of HAP Contract in use prior to 1979 (the "Old Regulation HAP Contract"). This interpretation provides that the HAP Contract terminates upon any prepayment of the original permanent financing of the related development, including any refinancing that included prepayment of the first Mortgage Loan. HUD also stated that it would agree to amend any HAP Contract to eliminate that termination. All of the first mortgage loans with this form of HAP Contract in the Agency's TCA portfolio were provided by the Agency. There are many Developments with Agency mortgage loans that have been prepaid where HUD has continued to make payments under the HAP Contracts during the years since the Agency loans were prepaid. It is the Agency's understanding that current HUD practice is to approve the continuation of HAP Contracts upon payment of the original financing when the owner has elected to remain in the Section 8 program. In 2015, HUD issued the final version of the Section 8 Renewal Policy Guide Book. Chapter 16 of the Guide Book reiterates the Office of General Counsel interpretation of the Old Regulation HAP Contract and gives prepaying owners the option to amend the HAP Contract to extend the term to the originally scheduled maturity date, renew the HAP contract under the Multifamily Assisted Housing Reform and Affordability Act ("MAHRA"), or opt out of the Section 8 program. Contracts that are subject to Chapter 16 will be renewed and amended as outlined in the newly revised chapter. At this time, the Agency cannot predict the potential risk for opt-outs under the provisions of Chapter 16; however, the Agency handles potential opt-outs proactively to support the Agency's priority for preservation of federally assisted housing.

In recent years, there have been numerous pronouncements from HUD officials and various elected officials as to the future of HUD and the Section 8 program. The scope of these pronouncements has ranged from a total elimination of HUD and the Section 8 program to a restructuring of HUD and the reduction in funding of the Section 8 program. In addition, the consolidation and alignment of HUD's programs and the transfer of certain administrative responsibilities for HUD programs to contract administrators, state and local governments and other entities continue to be proposed. (Note that HUD has contracted project-based Section 8 program administration services to state and local governments and other entities since 1999.) Furthermore, Congress continues to propose reductions in all federal spending, including funding for HUD and its programs.

HUD officials have from time to time proposed to Congress that it repeal the provision of the Housing Act prohibiting the Secretary of HUD from reducing contract rents below the current contract rents in effect as of April 15, 1987. (See "Adjustments in Contract Rents.") It is not clear whether such a repeal would withstand a constitutional challenge. The effect of repealing those provisions would be to permit HUD to reduce the contract rents for Section 8 Developments to "market rents," but not lower than the initial contract rents, plus the initial difference, approved by HUD for the Development. Reductions in current contract rents have occurred and continue to occur due to HUD's changes to its Section 8 Renewal Policy Guide Book and its 4350.1 Handbook (Chapter 7).

At this time, the Agency cannot predict the terms of the legislation, if any, that may be enacted with respect to HUD. Legislation could significantly change HUD's structure, its administration and its programs (including the Section 8 program), and the funding of HUD and its programs. The Agency also cannot predict whether any legislation, if enacted, would adversely affect the ability of the Agency to make timely payments of interest and principal on the Bonds (including the Series Bonds) with amounts pledged under the Resolutions.

Over the years, there have been several court decisions with respect to the Section 8 program and HAP Contracts. The United States Supreme Court, in its 1993 decision, *Cisneros v. Alpine Ridge Group,* held that HAP Contracts between private landlords and HUD did not prohibit the use of comparability studies with private market rents to impose an independent cap on formula-based rent adjustments. In a January 1997 decision, *National Leased Housing Association v. United States*, the United States Court of Appeals for the Federal Circuit upheld a decision of the Court of Claims that the "overall limitation" provision contained in the rent adjustment section in HAP Contracts (which states, in effect, that notwithstanding any other provision of the HAP Contract, adjustments provided for in that section of the HAP Contract must not result in material differences between the rents charged for assisted and comparable unassisted units except to the extent that differences existed with respect to the contract rents set at contract execution or cost certification, as applicable) permits HUD to use comparability studies to decrease contract rents to eliminate material differences between rents charged for assisted and comparable unassisted units that are greater than the initial difference. In addition, the Court of Appeals affirmed the decision of the Court of Claims that HAP Contracts permit HUD to reduce rents below a previous year's rent levels through the use of comparability studies, and that the "initial difference" referred to in the HAP Contract is determined by the initial dollar amount and not by a percentage of the initial rents. Based on guidance in HUD's Section 8 Renewal Policy Guidebook, issued in 2000, as amended, HAP Contracts that are renewed under MAHRA may have their contract rents reduced to "market rents." This Guidebook also provides the opportunity for debt restructuring by HUD's Office of Affordable Housing Preservation in conjunction with the reduction in contract rents if a property is eligible.

At this time, the Agency is unable to predict what additional actions, if any, HUD or Congress will take in the future with respect to rent adjustments. Future policy changes for rent adjustments may be impacted by federal budget constraints. Beginning in federal fiscal year 2012, HUD implemented three primary cost cutting measures that affect all New Regulation (i.e., post-1979) HAP Contracts. These cost cutting measures, which have been continued for federal fiscal year 2015, include using residual receipts in lieu of rent increases, using residual receipts in lieu of subsidy payments, using the lesser of budget-based or Operating Cost Adjustment Factor ("OCAF") rent adjustments, offering automatic OCAF rent adjustments that are limited to market rents including option 4 multi-year annual renewals, and short funding HAP Contracts. Old Regulation HAP Contracts that have not initially renewed under MAHRA have not been affected by the cost cutting measure of using residual receipts in lieu of subsidy payments. As noted above under "Adjustments in Contract Rents," Congress has passed legislation and HUD has implemented procedures to restrict Annual Adjustment Factor rent increases above fair market rents for the 1997 and subsequent federal fiscal years for contracts that are in their original 20-, 30- or 40-year term. Upon initial renewal of the HAP Contract, the Development generally is not eligible for Annual Adjustment Factor rent adjustments under MAHRA, but is eligible for budget based, Operating Cost Adjustment Factor, mark-up-to-market, and mark-to-market (mark down to market) rent adjustments. HUD's Section 8 Renewal Policy Guide Book, as amended, and its Handbook 4350.1, Chapter 7 do not allow for the use of initial differences, Financing Adjustments, or Financing Adjustment Factors when determining these rent adjustments; they are excluded from rent adjustment calculations. Also, HUD has proposed additional changes to the Section 8 HAP Contracts that include provisions around combining HAP Contracts and risk-based monitoring. Currently, guidance for combining HAP Contracts has been issued through a HUD memorandum. The Agency has not seen this tool leveraged by owners; however, the potential does exist. This measure would reduce the number of on-site inspections and the number of financial statements that owners must submit, as well as allow properties to share income and operating expenses. The 2014 cost cutting measures remain in effect. Actions by HUD that limit options for contract renewals and restrict the definition of market rents in many cases result in a decrease in contract rents, which could negatively impact the ability of owners to pay principal and interest on the Mortgage Loans, which in turn could adversely affect the ability of the Agency to make timely payments of interest and principal on the Bonds from the amounts pledged under the Bond Resolution.

Project-Based Vouchers

Recently, the Agency has been working with local housing and redevelopment authorities and public housing authorities to provide for project-based Section 8 Housing Choice Vouchers for a portion of the units in a Development financed under the LMIR Program. Under this program, approximately 20 percent of the units in a Development receive year-to-year project-based Housing Choice Vouchers with the rents set at the Section 8 Existing Housing Fair Market Rent ("FMR") or payment standard. The Agency has found that the HUD-published FMR or payment standard is typically less than the market rent that could be charged without the subsidy; therefore, staff considers there to be minimal risk in the event of nonrenewal of the year-to-year ACC.

Section 8 Contract Administration

In 2000, the Agency was awarded an Annual Contributions Contract ("ACC") with HUD as a Performance-Based Contract Administrator ("PBCA") for the contract administration of a portion of HUD's project-based Section 8 portfolio. Under the ACC, HUD partners with qualified entities for the administration of Section 8 HAP Contracts made directly between HUD and owners of the affected developments. In 2011, HUD held a national competitive rebid to qualified entities for the work performed under the ACC. The Agency was one of 11 states that had only one bid and were awarded a contract uncontested. As a result, the Agency was awarded a new two-year PBCA contract for the State of Minnesota, which was originally set to expire on September 30, 2013. The Agency has been granted extensions of its ACC since September 30, 2013. The most recent extension is in effect through January 31, 2022. The 2011 national rebid process resulted in a number of bid protests. As a result of those protests and the resultant litigation, the U.S. Court of Appeals for the Federal Circuit ruled that the PBCA ACCs should be awarded through the federal procurement process rather than the Notice of Funding Availability and cooperative agreements that HUD used in making its 2011 contract awards. The Supreme Court declined to review the ruling.

HUD issued two draft Request for Funding Proposals ("RFPs") that encapsulated the work conducted under the PBCA program in late 2017. The draft RFPs contemplated significant program changes, including dividing the work between a national contract and multiple regional contractors. In March of 2018, HUD cancelled the RFPs in light of the extensive comments that were submitted regarding the drafts. The cancellation notices indicate that HUD plans to undertake additional due diligence and expects to issue new RFPs at some point in the future. It is unclear when HUD may issue any more RFPs related to the work conducted under the PBCA program. Depending on the form and content of any RFPs, there may be bid protests and litigation with respect to the RFPs and any new awards of the PBCA contracts that result from the RFPs. The Agency intends to seek to retain the PBCA work in the State of Minnesota. There is, however, significant uncertainty in this area as it is unknown when HUD will release any subsequent RFPs, what the terms of those RFPs will be, and what impact any bid protests or litigation may have on the process. HUD reserved the right to terminate the ACC with 120 days' notice if HUD completes or anticipates completing the RFP solicitation process before the end of the extension term.

Market Rate Mortgage Loan Program

In its Market Rate Mortgage Loan Program, which is administered by the Multifamily Division of the Agency, the Agency issues Bonds under the Bond Resolution to provide permanent and construction loan financing for the acquisition/rehabilitation or construction of multifamily housing Developments. The proceeds of the Bonds are lent by the Agency to nonprofit or limited profit sponsors that agree to construct the Developments and lease the dwelling units therein principally to persons and families of low and moderate income. The Agency is not presently making any new Mortgage Loans pursuant to this Program.

Monitoring of Developments

In an attempt to minimize the risk inherent in long-term Mortgage Loans, the Agency has established the following guidelines for the monitoring of Developments:

- The Agency's Accounting Division is responsible for monthly billing of principal and interest and escrows, and for paying insurance, property taxes and other expenses in a timely manner.
- The Agency's Multifamily Asset Management Section is responsible for the supervision of all Developments, beginning with the feasibility processing. Prior to loan closing the Asset Management Section works with the sponsors and their marketing and management agents to review marketing and management plans. The management plan of a Development includes information on the management agent's proposed method of operating the Development. That information relates to the organizational structure and on-site duties and staffing of the management agent, initial and on-going marketing plans, contents of an orientation handbook for residents and requirements for reporting operating expenses, budget and energy conservation information. Upon completion of construction or rehabilitation, the Asset Management Section begins to monitor the implementation of the management plan, rent up and ongoing occupancy and reviews periodic submissions of income and expense data.

The Asset Management Section generally monitors the operations of Developments on an ongoing basis in generally the following ways:

- *On-Site Inspections*. After initial marketing has been completed, on-site inspections are periodically made to check on management performance. Reports summarizing findings of inspections are submitted to the owner and management agent along with a timetable for correcting deficiencies, if necessary.

- *Reporting Requirements*. Management agents for each Development are required to submit regular accounting and occupancy reports to the Agency's Asset Management Section. Smaller, non-subsidized Developments have proven to be erratic in meeting the Agency's reporting requirements. The reports are reviewed by the Housing Management Officer assigned to each Development in order to identify significant deviations from the operating budget or change in occupancy.

  The Agency generally receives the following financial information related to each Development:

  (i) Monthly Operating Report—due the 15th day of the following month;

  (ii) Analysis of Accounts Payable and Receivable—due the 15th day of the month following the end of each quarter;

  (iii) Analysis of Reserve Accounts—prepared monthly by Asset Management staff;

  (iv) Annual Budget—due 60 days prior to the beginning of the fiscal year to which the budget relates; and

  (v) Annual Audited Financial Statements—due not more than 90 days (60 days for HUD Risk Share) following the end of each fiscal year.

  For seasoned, well-maintained, financially sound Developments, the Agency may only require annual operating reports in the future.

- *Training Sessions*. The Agency provides technical assistance when needed for new management agents and the on-site resident manager to acquaint them with Agency and HUD procedures and requirements. Technical assistance is provided, as needed, throughout the life of the Mortgage Loan.

Applicable Federal Law Requirements

Applicable federal tax law imposes significant limitations on the financing of Mortgage Loans for Developments with the proceeds of qualified residential rental property bonds, such as the Series Bonds. (See "Tax Exemption and Related Considerations.")

OTHER PROGRAMS

In addition to the Program funded from the proceeds of the Bonds, the Agency finances other housing programs that provide loans for the purchase or improvement of single family housing and the acquisition, construction or rehabilitation of multifamily rental housing in the State of Minnesota. The assets devoted to these programs are briefly described in the notes to the Financial Statements in Appendix B-1.

TAX EXEMPTION AND RELATED CONSIDERATIONS

General

The applicable federal tax law establishes certain requirements that must be met subsequent to the issuance and delivery of the Series Bonds in order that interest on the Series Bonds be and remain excludable from gross income under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"). These requirements are generally described below. Noncompliance with these requirements may cause interest on the Series Bonds to become includable in gross income for purposes of federal and State of Minnesota income taxation retroactive to their date of original issue, irrespective in some cases of the date on which that noncompliance is ascertained or occurs.

The Bond and Series Resolutions, and loan documentation pertaining to the Development financed by the Series Bonds, contain provisions (the "Tax Covenants"), including covenants of the Agency and the owner, pursuant to which, in the opinion of Bond Counsel, the current requirements of the Code can be satisfied.

Opinion of Bond Counsel

In the opinion of Kutak Rock LLP, Bond Counsel, to be delivered, with respect to the Series Bonds, on the date of issuance of the Series Bonds, assuming the accuracy of certain representations and continuing compliance by the Agency with the Tax Covenants, under existing laws, regulations, rulings and judicial decisions, interest payable on the Series Bonds is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Code, provided interest on any Series Bond, is not excluded from gross income for federal income tax purposes of any holder of the Series Bonds who is a "substantial user" of a development financed by the Series Bonds or a "related person" thereto, as such terms are defined in Section 147(a) of the Internal Revenue Code of 1986, as amended (the "Code"). Bond Counsel is further of the opinion that interest on the Series Bonds is not a specific preference item for purposes of the federal alternative minimum tax under the Code.

In addition, in the opinion of Bond Counsel, interest on the Series Bonds is not includable in the taxable net income of individuals, trusts and estates for Minnesota income tax purposes. Interest on the Series Bonds is includable in the income of corporations and financial institutions for purposes of the Minnesota franchise tax. Interest on the Series Bonds is not includable in the Minnesota alternative minimum taxable income of individuals, estates and trusts.

Bond Counsel expresses no opinion regarding any other Federal or state tax consequences with respect to the Series Bonds, and renders its opinion under existing statutes and court decisions as of the issue date, and assumes no obligation to update its opinion after the issue date to reflect any future action, fact or circumstance, or change in law or interpretation, or otherwise. Bond Counsel expresses no opinion on the effect of any action hereafter taken or not taken in reliance upon an opinion of other counsel on the exclusion from gross income for Federal income tax purposes of interest on the Series Bonds, or under state and local tax law.

A form of the Bond Counsel opinion with respect to the Series Bonds is attached hereto as Appendix F.

Prospective owners of the Series Bonds should be aware that the ownership of obligations such as the Series Bonds may result in collateral Federal income tax consequences to various categories of persons, such as corporations (including S Corporations and foreign corporations), financial institutions, property and casualty and life insurance companies, individual recipients of Social Security or railroad retirement benefits, individuals otherwise eligible for the earned income tax credit, and taxpayers deemed to have incurred or continued indebtedness to purchase or carry obligations the interest on which is excluded from gross income for Federal income tax purposes. The extent of these collateral tax consequences will depend upon the owner's particular tax status and other items of income or deduction, and Bond Counsel has expressed no opinion regarding any such consequences. Purchasers of the Series Bonds should consult their tax advisors as to the tax consequences of purchasing or owning the Series Bonds. Interest on the Series Bonds may be taken into account in determining the tax liability of foreign corporations subject to the branch profits tax imposed by Section 884 of the Code.

The foregoing is a brief discussion of certain collateral Federal income tax matters with respect to the Series Bonds. It does not purport to address all aspects of Federal taxation that may be relevant to a particular owner of a Series Bond. Prospective investors, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the Federal tax consequences of owning and disposing of the Series Bonds.

Certain Ongoing Federal Tax Requirements and Covenants

The Code establishes certain ongoing requirements that must be met subsequent to the issuance and delivery of the Series Bonds in order that interest on the Series Bonds be and remain excluded from gross income under Section 103 of the Code. These requirements include, but are not limited to, requirements relating to use and expenditure of gross proceeds of the Series Bonds, yield and other restrictions on investments of gross proceeds, and the arbitrage rebate requirement that certain excess earnings on gross proceeds be rebated to the Federal Government. Noncompliance with those requirements may cause interest on the Series Bonds to become included in gross income for Federal income tax purposes retroactive to their issue date, irrespective of the date on which that noncompliance occurs or is discovered. The Agency will covenant that it will do and perform all acts necessary or desirable to assure the exclusion of interest on the Series Bonds from gross income under Section 103 of the Code. The Agency will deliver a certificate with respect to ongoing Federal tax requirements with the issuance of the Series Bonds that will contain provisions relating to compliance with the requirements of the Code. The Agency also has required or will require owners to make certain covenants in the Mortgage Loan documents relating to compliance with the requirements of the Code. No assurance can be given, however, that in the event of a breach of any covenant, the remedies available to the Agency or the owners of the Series Bonds can be enforced judicially in a manner to assure compliance with the Code and therefore to prevent the loss of the exclusion from gross income of the interest on the Series Bonds for Federal income tax purposes.

Low Income Set-Aside Requirements under the Code

Each series of bonds issued under the Bond Resolution with the intention that the interest paid thereon will be excludable from gross income for Federal income tax purposes ("Tax-Exempt Bonds"), including the Series Bonds, must satisfy the applicable requirements of the Code. In general, Tax-Exempt Bonds originally issued for new money purposes after the general effective date of the Code of August 16, 1986, are fully subject to the applicable requirements of the Code, including the more restrictive low income set-aside requirements under the Code. The Series Bonds are fully subject to the low income set-aside requirements of the Code. This section includes brief summaries of certain low income set-aside requirements and other requirements for qualified residential rental projects under the Code.

The Code requires that at least 95 percent of the net proceeds of exempt facility bonds under Section 142(a)(7) (after reduction for amounts applied to fund a reasonably required reserve fund) be used to provide "qualified residential rental projects." The Code defines a residential rental project as a project containing units with separate and complete facilities for living, sleeping, eating, cooking, and sanitation that are available to the general public and are to be used on other than a transient basis. Section 142(d) of the Code requires that either (i) at least 20 percent of the completed units in a project to be financed with the proceeds of the Series Bonds be continuously occupied during the "qualified project period" by individuals and families whose annual adjusted income does not exceed 50 percent of the area median income (with adjustments for family size), or (ii) at least 40 percent of the completed units in a project to be financed with the proceeds of the Series Bonds be continuously occupied during the qualified project period by individuals and families whose annual adjusted income does not exceed 60 percent of the area median income (with adjustments for family size). The Agency will make elections on the applicable low income set-aside requirements with respect to the Development expected to be financed with the proceeds of the Series Bonds prior to the issuance date of the Series Bonds. In addition, all of the units in the Development must be rented or available for rental on a continuous basis throughout the applicable qualified project period. The Code defines the "qualified project period" as the period beginning on the first day upon which 10 percent of the units in a project are occupied and ending on the latest of (i) the date that is 15 years after the date upon which 50 percent of the residential units in the project are occupied, (ii) the first day on which no tax-exempt private activity bond issued with respect to the project is outstanding, or (iii) the date upon which any assistance provided with respect to the project under Section 8 of the United States Housing Act of 1937, as amended, terminates. A Development generally will meet the continuing low income set aside requirement so long as a tenant's income does not increase to more than 140 percent of the applicable income limitation. Generally, upon an increase of a tenant's income over 140 percent of the applicable income limitation, the next available unit of comparable or smaller size in the applicable Development must be rented to a tenant whose income does not exceed the applicable income limitation; provided however, that if tax credits under Section 42 of the Code are allowed with respect to the applicable Development, the next available unit of a comparable or smaller size in the same building as the tenant whose income has increased over 140 percent of the applicable income limitation must be rented to a tenant whose income does not exceed the applicable income limitation. The Code requires annual certifications to be made to the Secretary of the Treasury regarding compliance with the applicable income limitations.

Certain State Tax Legislation

Minnesota, like many other states, generally taxes interest on obligations of governmental issuers in other states. In 1995, Minnesota enacted a statement of intent, codified at Minn. Stat. § 289A.50, subd. 10, that interest on obligations of Minnesota governmental units and Indian tribes be included in the net income of individuals, estates and trusts for Minnesota income tax purposes if a court determines that Minnesota's exemption of that interest and its taxation of interest on obligations of governmental issuers in other states unlawfully discriminates against interstate commerce. This provision applies to taxable years that begin during or after the calendar year in which any court decision becomes final, irrespective of the date upon which the obligations were issued.

On May 19, 2008 the U.S. Supreme Court held in *Department of Revenue of Kentucky v. Davis* that Kentucky's taxation of interest on bonds issued by other states and their political subdivisions, while exempting from taxation interest on bonds issued by the Commonwealth of Kentucky or its political subdivision, does not impermissibly discriminate against interstate commerce under the Commerce Clause of the U.S. Constitution. In a footnote, however, the Court stated that it had not addressed whether differential treatment of "so-called 'private-activity,' 'industrial-revenue,' or 'conduit' bonds . . . used to finance projects by private entities" violate the Commerce Clause, adding that "we cannot tell with certainty what the consequences would be of holding that Kentucky violates the Commerce Clause by exempting such bonds; we must assume that it could disrupt important projects that the States have deemed to have public purposes. Accordingly, it is best to set this argument aside and leave for another day any claim that differential treatment of interest on private-activity bonds should be evaluated differently from the treatment of municipal bond interest generally."

Since the Series Bonds are "private activity bonds" and the Supreme Court's opinion left open the possibility of a challenge to Minnesota's differential treatment of the interest on private activity bonds issued in other states, the Agency cannot predict the outcome of any challenge. If Minnesota's treatment of the bonds were held to unlawfully discriminate against interstate commerce, the court making such a finding would have to decide upon a remedy for the tax years at issue in the case. Even if the remedy applied to those years preceding the decision were to exempt other states' bond interest rather than to tax Minnesota bond interest, application of the 1995 statute to subsequent years could cause interest on the Series Bonds to become taxable by Minnesota and the market value of the Series Bonds to decline.

Changes in Federal and State Tax Law

From time to time, there are legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to above, prevent owners of the Series Bonds from realizing the full current benefit of the tax treatment of the Series Bonds or adversely affect the market value of the Series Bonds. It cannot be predicted whether or in what form any proposal might be enacted or whether, if enacted, it would apply to bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced that, if implemented or concluded in a particular manner, could adversely affect the market value of the Series Bonds. It cannot be predicted whether any regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Series Bonds or the market value thereof would be impacted thereby. Purchasers of the Series Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Series Bonds and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any pending legislation, regulatory initiatives or litigation.

LITIGATION

There is not now pending or, to the best knowledge of the officers of the Agency, overtly threatened any litigation against the Agency seeking to restrain or enjoin the sale, issuance, execution or delivery of the Series Bonds or in any manner questioning or affecting the validity of the Series Bonds or the proceedings or authority pursuant to which they are to be issued and sold.

The Agency is a party to various litigation arising in the ordinary course of business. While the ultimate effect of those actions cannot be predicted with certainty, the Agency expects that the outcome of these matters will not result in a material adverse effect on the financial position or results of operations of the Agency.

LEGAL MATTERS

The validity of the Series Bonds and the tax exemption of interest thereon are subject to the legal opinion of Kutak Rock LLP, Bond Counsel. A copy of the opinion of said firm, substantially in the form set forth in Appendix F hereto, will be available at the time of delivery of the Series Bonds. Certain legal matters will be passed upon for the Underwriter by its counsel, Dorsey & Whitney LLP.

FINANCIAL ADVISOR

CSG Advisors Incorporated (the "Financial Advisor") is serving as financial advisor to the Agency with respect to the planning, structuring and sale of the Series Bonds. The Financial Advisor does not underwrite or trade bonds and will not engage in any underwriting activities with regard to the issuance and sale of the Series Bonds. The Financial Advisor is not obligated to undertake, and has not undertaken to make, an independent verification, or to assume responsibility for the accuracy, completeness or fairness, of the information contained in this Official Statement and is not obligated to review or ensure compliance with continuing disclosure undertakings.

RATINGS

The Series Bonds are rated "__" by Moody's Investors Service, Inc., and "__" by S&P Global Ratings, a division of Standard & Poor's Financial Services LLC. The ratings reflect only the views of the applicable rating agency, and an explanation of the significance of that rating may be obtained only from the rating agency and its published materials. The ratings described above are not a recommendation to buy, sell or hold the Series Bonds. The Agency cannot give any assurance that any rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely if, in the judgment of the rating agency, circumstances so warrant. Therefore, after the date of this Official Statement, investors should not assume that the ratings are still in effect. A downward revision or withdrawal of either rating is likely to have an adverse effect on the market price and marketability of the Series Bonds. The Agency has not assumed any responsibility either to notify the owners of the Series Bonds of any proposed change in or withdrawal of any rating subsequent to the date of this Official Statement, except in connection with the reporting of events as provided in the Continuing Disclosure Undertaking (see Appendix C to this Official Statement), or to contest any revision or withdrawal.

UNDERWRITING

RBC Capital Markets, LLC (the "Underwriter") will purchase the Series Bonds. The Underwriter is to be paid a fee of $______________ with respect to its purchase of the Series Bonds. The Underwriter may offer and sell the Series Bonds to certain dealers and certain dealer banks at prices lower than the public offering prices stated on the inside front cover hereof.

The Underwriter is a full service financial institution engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. The Underwriter may have, from time to time, performed and may in the future perform, various investment banking services for the Agency, for which it may have received or will receive customary fees and expenses. In the ordinary course of its various business activities, the Underwriter may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for its own account and for the accounts of its customers and may at any time hold long and short positions in those securities and instruments. Those investment and securities activities may involve securities and instruments of the Agency.

MISCELLANEOUS

This Official Statement is submitted in connection with the offering of the Series Bonds and may not be reproduced or used, as a whole or in part, for any other purpose. Any statement made in this Official Statement involving matters of opinion or estimates, whether or not expressly so stated, are set forth as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the Agency and the purchasers or holders of any of the Series Bonds.

The execution and delivery of this Official Statement have been duly authorized by the Agency.

MINNESOTA HOUSING FINANCE AGENCY

By ____
Commissioner

_____________, 2021.

APPENDIX A

DESCRIPTION OF OUTSTANDING MORTGAGE LOANS AND DEVELOPMENTS PREVIOUSLY FINANCED BY RENTAL HOUSING BONDS, AND MORTGAGE LOANS AND DEVELOPMENTS PLEDGED AS ADDITIONAL SECURITY UNDER THE RENTAL HOUSING BOND RESOLUTION, INCLUDING THOSE INTENDED TO BE FINANCED WITH PROCEEDS OF THE SERIES BONDS

APPENDIX B-1

AUDITED FINANCIAL STATEMENTS OF THE AGENCY
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

APPENDIX B-2

FINANCIAL STATEMENTS OF CERTAIN FUNDS OF THE AGENCY (EXCLUDING STATE APPROPRIATED AND FEDERAL APPROPRIATED FUNDS) AS OF DECEMBER 31, 2020 AND FOR THE SIX MONTHS THEN ENDED (UNAUDITED)

APPENDIX C

SUMMARY OF CONTINUING DISCLOSURE UNDERTAKING

The following statements are extracted provisions of the Continuing Disclosure Undertaking to be executed by the Agency in connection with the issuance of the Series Bonds.

Purpose

This Disclosure Undertaking is executed and delivered by the Agency for the benefit of the holders and owners (the "Bondholders") and the Beneficial Owners of the Series Bonds and in order to assist the Participating Underwriter in complying with the requirements of the Rule. There is no obligated person other than the Agency that is a party to the Disclosure Undertaking.

Definitions

In addition to the definitions set forth in the Resolutions, which apply to any capitalized term used in this Disclosure Undertaking, the following capitalized terms shall have the following meanings:

"*Annual Financial Information*" means the following financial information and operating data (in addition to Audited Financial Statements): information about the Mortgage Loans and Developments of a type substantially similar to that in Appendix A in the Official Statement.

"*Annual Financial Information Disclosure*" means the dissemination of disclosure concerning Annual Financial Information and the dissemination of the Audited Financial Statements as described under the caption "Annual Financial Information Disclosure" herein.

"*Audited Financial Statements*" means the audited financial statements of the Agency, prepared pursuant to the standards and as described under the caption "Annual Financial Information Disclosure."

"*Beneficial Owners*" means (1) in respect of a Series Bond subject to a book-entry-only registration system, any person or entity which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, such Series Bond (including persons or entities holding Series Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of the Series Bond for federal income tax purposes, and such person or entity provides to the Trustee evidence of such beneficial ownership in form and substance reasonably satisfactory to the Trustee; or (2) in respect of a Series Bond not subject to a book-entry-only registration system, the registered owner or owners thereof appearing in the bond register maintained by the Trustee, as Registrar.

"*Commission*" means the Securities and Exchange Commission.

"*Exchange Act*" means the Securities Exchange Act of 1934, as amended.

"*Financial Obligation*" means a (i) debt obligation, (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation, or, (iii) guarantee of either (i) or (ii). The term "Financial Obligation" shall not include municipal securities as to which a final official statement has been provided to the MSRB pursuant to the Rule.

"*Listed Event*" means the occurrence of any of the events with respect to the Series Bonds set forth below:

1. Principal and interest payment delinquencies;

2. Nonpayment-related defaults, if material;

3. Unscheduled draws on debt service reserves reflecting financial difficulties;

4. Unscheduled draws on credit enhancements reflecting financial difficulties;

5. Substitution of credit or liquidity providers, or their failure to perform;

6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;

7. Modifications to rights of security holders, if material;

8. Bond calls, if material, and tender offers;

9. Defeasances;

10. Release, substitution or sale of property securing repayment of the securities, if material;

11. Rating changes;

12. Bankruptcy, insolvency, receivership or similar event of the Agency (within the meaning of the Rule);

13. The consummation of a merger, consolidation or acquisition involving the Agency or the sale of all or substantially all of the assets of the Agency, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

14. Appointment of a successor or additional trustee or the change of name of a trustee, if material;

15. Incurrence of a Financial Obligation of the Agency, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Agency, any of which affect security holders, if material; and

16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Agency, any of which reflect financial difficulties.

"*Listed Events Disclosure*" means dissemination of a notice of a Listed Event as described under the heading "Listed Events Disclosure" in this Appendix C.

"*MSRB*" means the Municipal Securities Rulemaking Board.

"*Participating Underwriter*" means each broker, dealer or municipal securities dealer acting as an underwriter in any primary offering of the Series Bonds.

"*Prescribed Form*" means, with regard to the filing of Annual Financial Information, Audited Financial Statements and notices of Listed Events with the MSRB at www.emma.msrb.org (or such other address or addresses as the MSRB may from time to time specify), such electronic format, accompanied by such identifying information, as shall have been prescribed by the MSRB and which shall be in effect on the date of filing of such information.

"*Rule*" means Rule 15c2-12 adopted by the Commission under the Exchange Act, as the same may be amended from time to time.

"*Undertaking*" means the obligations of the Agency described under the headings "Annual Financial Information Disclosure" and "Listed Events Disclosure" in this Appendix C.

Annual Financial Information Disclosure

The Agency shall disseminate the Annual Financial Information and the Audited Financial Statements (in the form and by the dates set forth below) for each fiscal year of the Agency, commencing with the fiscal year ending June 30, 2021, by one of the following methods: (i) the Agency may deliver such Annual Financial Information and the Audited Financial Statements to the MSRB within 120 days of the completion of the Agency's fiscal year or (ii) delivery of an Official Statement of the Agency to the MSRB within 120 days of the completion of the Agency's fiscal year, but only to the extent such Official Statement includes such Annual Financial Information and Audited Financial Statements.

The Agency is required to deliver such information in Prescribed Form and by such time so that such entities receive the information by the dates specified.

If any part of the Annual Financial Information can no longer be generated because the operations to which it is related have been materially changed or discontinued, the Agency will disseminate a statement to such effect as part of its Annual Financial Information for the year in which such event first occurs.

If any amendment is made to this Disclosure Undertaking, the Annual Financial Information for the year in which such amendment is made (or in any notice or supplement provided to the MSRB) shall contain a narrative description of the reasons for such amendment and its impact on the type of information being provided.

All or a portion of the Annual Financial Information and the Audited Financial Statements may be included by reference to other documents which have been submitted to the MSRB or filed with the Commission. The Agency shall clearly identify each such item of information included by reference.

Annual Financial Information will be provided to the MSRB within 120 days after the last day of the Agency's fiscal year. Audited Financial Statements as described below should be filed at the same time as the Annual Financial Information. If Audited Financial Statements are not available when the Annual Financial Information is filed, unaudited financial statements shall be included, and Audited Financial Statements will be provided to the MSRB within 10 business days after availability to the Agency.

Audited Financial Statements will be prepared in accordance with generally accepted accounting principles in the United States as in effect from time to time.

If any change is made to the Annual Financial Information as permitted by the Disclosure Undertaking, including for this purpose a change made to the fiscal year-end of the Agency, the Agency will disseminate a notice to the MSRB of such change in Prescribed Form.

Listed Events Disclosure

The Agency hereby covenants that it will disseminate in a timely manner, not in excess of 10 business days after the occurrence of the event, Listed Events Disclosure to the MSRB in Prescribed Form. Notwithstanding the foregoing, notice of optional or unscheduled redemption of any Series Bonds or defeasance of any Series Bonds need not be given under this Disclosure Undertaking any earlier than the notice (if any) of such redemption or defeasance is given to the owners of the Series Bonds pursuant to the Resolution.

Consequences of Failure of the Agency To Provide Information

The Agency shall give notice in a timely manner, not in excess of 10 business days after the occurrence of the event, to the MSRB in Prescribed Form of any failure to provide Annual Financial Information Disclosure when the same is due hereunder.

In the event of a failure of the Agency to comply with any provision of this Disclosure Undertaking, the Bondholder or Beneficial Owner of any Series Bond may seek specific performance by court order to cause the Agency to comply with its obligations under this Disclosure Undertaking. A default under this Disclosure Undertaking shall not be deemed an Event of Default under the Resolution or any other agreement, and the sole remedy under this Disclosure Undertaking in the event of any failure of the Agency to comply with this Disclosure Undertaking shall be an action to compel performance.

Amendment; Waiver

Notwithstanding any other provision of this Disclosure Undertaking, the Agency may amend this Disclosure Undertaking, and any provision of this Disclosure Undertaking may be waived, if:

(i) The amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of the Agency or type of business conducted;

(ii) This Disclosure Undertaking, as amended, or the provision, as waived, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(iii) The amendment or waiver does not materially impair the interests of the Bondholders of the Series Bonds, as determined either by parties unaffiliated with the Agency (such as the Trustee) or by an approving vote of the Bondholders of the Series Bonds holding a majority of the aggregate principal amount of the Series Bonds (excluding Series Bonds held by or on behalf of the Agency or its affiliates) pursuant to the terms of the Resolution at the time of the amendment; or

(iv) The amendment or waiver is otherwise permitted by the Rule.

Termination of Undertaking

The Undertaking of the Agency shall be terminated when the Agency shall no longer have any legal liability for any obligation on or relating to the repayment of the Series Bonds. The Agency shall give notice to the MSRB in a timely manner and in Prescribed Form if this Section is applicable.

Additional Information

Nothing in this Disclosure Undertaking shall be deemed to prevent the Agency from disseminating any other information, using the means of dissemination set forth in this Disclosure Undertaking or any other means of communication, or including any other information in any Annual Financial Information Disclosure or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Undertaking. If the Agency chooses to include any information from any document or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Undertaking, the Agency shall not have any obligation under this Disclosure Undertaking to update such information or include it in any future disclosure or notice of the occurrence of a Listed Event.

Beneficiaries

This Disclosure Undertaking has been executed in order to assist the Participating Underwriter in complying with the Rule; however, this Disclosure Undertaking shall inure solely to the benefit of the Agency, the Bondholders and Beneficial Owners of the Series Bonds, and shall create no rights in any other person or entity.

Recordkeeping

The Agency shall maintain records of all Annual Financial Information Disclosure and Listed Events Disclosure, including the content of such disclosure, the names of the entities with whom such disclosure was filed and the date of filing such disclosure.

APPENDIX D

SUMMARY OF CERTAIN PROVISIONS OF THE BOND RESOLUTION

The Bond Resolution contains various covenants and security provisions, certain of which are summarized below. The summary does not purport to be comprehensive or definitive and is subject to all of the terms and provisions of the Bond Resolution, to which reference is hereby made, copies of which are available from the Agency or the Trustee.

Resolution Constitutes Contract with Trustee and Bondholders

Upon acceptance by the Trustee of the trusts created in the Bond Resolution and upon the purchase of Bonds by a Holder thereof, the Bond Resolution and applicable Series Resolution shall constitute a contract of the Agency with the Trustee and the Bondholders. The pledge made and security interests granted in the Bond Resolution are for the equal benefit, protection and security of all such Bondholders; all Bonds shall be of equal rank without preference, priority or distinction except as expressly provided or permitted in the Bond Resolution. The Agency covenants that it will cause to be deposited with the Trustee all proceeds of Bonds, all Mortgages, Mortgage Loans, and other securities purchased from Bond Proceeds and all income thereon. The pledge of the Agency is valid and binding from the time when made and all Mortgages, Mortgage Loans, securities and income thereon pledged and received by the Agency shall be subject to the lien thereof. The Agency pledges its full faith and credit for payment of principal, interest, and premium, if any, on the Bonds; the Bonds are a general obligation of the Agency. The State has pledged to and agreed with the Bondholders that it will not limit or alter the rights vested in the Agency nor impair the rights or remedies of the Bondholders until the Bonds, together with interest due, are fully paid.

Definitions

The following are definitions of certain terms used in the Bond Resolution and in this Official Statement (but not otherwise defined herein).

Accreted Value: for any Capital Accumulator Bond or Bonds, as of any date, the value (which may be rounded to the nearest dollar) resulting from the compounding of interest on the original principal amount and accretion thereof to principal on each prior Interest Payment Date at the approximate yield expressed in the Bond and provided in the applicable Series Resolution.

Agency Hedge Payment: a payment due to a Hedge Counterparty from the Agency pursuant to the applicable Hedge Agreement (excluding, however, payments in respect of any early termination of such Hedge Agreement).

Bond Requirement: as of any particular date of calculation, the sum of (i) that amount of the interest to become due on each Series of Outstanding Bonds at its next Interest Payment Date the deposit of which, once each month between that and the last such Interest Payment Date (or if none, since the Issue Date), would produce a sum sufficient to pay such interest, (ii) that amount of the Principal Installment due on each Series of Outstanding Bonds at its next Principal Installment Date, the deposit of which, once each month between that and the last such Principal Installment Date (or if none, once each month for a period of twelve months prior to the next Principal Installment Date), would produce a sum sufficient to pay such Principal Installment; (iii) any amount referred to in clause (i) and (ii) which has not been deposited in the Bond Fund in any month preceding the date of calculation; (iv) any Principal Installment and interest due and unpaid before the date of calculation; and (v) interest accrued on any such Principal Installment and (to the extent lawful) on any such interest, at the same rate as that borne by the Principal Installment before its maturity; provided that if, as of the date of calculation, the interest rate on any Variable Rate Bonds cannot be determined for any period before the next Interest Payment Date therefor, the interest rate for such period shall be assumed to be the Maximum Rate for such Variable Rate Bonds.

Capital Accumulator Bond: any Bond the interest on which is not currently payable on Interest Payment Dates during each year of its term (or portion of its term) but accrues and is accreted to principal on each Interest Payment Date and is payable as part of the Accreted Value of the Bond at maturity, or at a prior date on which the Bond is duly called for redemption, as provided in the applicable Series Resolution.

Current Interest Bond: any Bond the interest on which is payable on Interest Payment Dates during each year of its term (or portion of its term), or to a prior date on which the Bond is duly called for redemption, as provided in the applicable Series Resolution.

Debt Service Reserve Requirement: as of any particular date of computation, an amount of money (or cash equivalent available under a letter of credit, insurance policy, surety bond or similar security instrument issued by an institution whose debt obligations at the time of such issuance are rated as high as or higher than the Bonds by a nationally recognized bond rating agency) equal to the sum of amounts computed for each Series of Outstanding Bonds, each in accordance with the applicable Series Resolution.

Development: a specific improvement or structure constituting residential housing as defined in the Act, containing units for possession pursuant to a leasehold estate or cooperative ownership, and financed in whole or in part by the issuance of Bonds or Notes.

Escrow Payment: any payment made in order to obtain or maintain mortgage insurance and fire and other hazard insurance, including payments for any Federal, state, local or private program intended to assist in providing Mortgages, and any payments required to be made with respect to Mortgages for taxes or other governmental charges or other similar charges to a Mortgagor customarily required to be escrowed, and payments or charges constituting construction or operating contingency, performance or completion or replacement reserves required pursuant to the applicable Mortgage Loan or any Subordinate Mortgage Loan.

Expense Requirement: such amount of money as may from time to time by Series Resolution or Supplemental Bond Resolution of the Agency be determined to be necessary for the payment of costs and expenses of the Agency pursuant to the Program (other than costs and expenses properly payable from a Cost of Issuance Account), and including any Agency Hedge Payments owing from time to time to a Hedge Counterparty pursuant to a Hedge Agreement and any fees or expenses owing from time to time to a person or entity providing credit or liquidity support or remarketing services in respect of any Bonds.

Hedge Agreement: a payment exchange agreement, swap agreement, forward agreement or any other hedge agreement between the Agency and a Hedge Counterparty, as amended or supplemented, providing for payments between the parties based on levels of, or changes in, interest rates or other indices, including, without limitation, interest rate exchange agreements, floors or caps, which allows the Agency to manage or hedge payment, rate, spread or similar risk with respect to any Bonds outstanding or proposed to be issued and which is entered into in accordance with the requirements described under the subheading "Hedge Agreements."

Hedge Counterparty: any person or entity with whom the Agency shall from time to time enter into a Hedge Agreement, as specified in a Series Resolution or other resolution of the Agency.

Hedge Counterparty Guarantee: a guarantee in favor of the Agency given in connection with the execution and delivery of a Hedge Agreement, as specified in a Series Resolution or other resolution of the Agency.

Interest Payment Date: each date on which interest on any Series of Bonds is required to be paid under the applicable Series Resolution.

Investment Obligation: any of the following, including puts and call options in future contracts traded on a contract market designated and regulated by a federal agency, which at the time are legal investments for Fiduciaries under the laws of the State for moneys held hereunder which are then proposed to be invested therein: (i) direct general obligations of the United States of America; (ii) obligations the payment of the principal of and interest on which, in the opinion of the Attorney General of the United States, is unconditionally guaranteed by the United States; (iii) bonds, debentures, participation certificates, notes or other debt issued by any of the following: Bank for Cooperatives, Federal Financing Bank, Federal Land Banks, Federal Home Loan Banks, Federal Intermediate Credit Banks, Federal National Mortgage Association, Export Import Bank of the United States, Farmer's Home

Administration, Federal Home Loan Mortgage Corporation or Government National Mortgage Association, or any other agency or corporation which has been or may hereafter be created by or pursuant to an Act of the Congress of the United States as an agency or instrumentality thereof or sponsored thereby; (iv) direct and general obligations of any state within the United States or of any political subdivision of the State of Minnesota, provided that at the time of purchase such obligations are rated in either of the two highest rating categories by each Rating Agency providing a Rating on Outstanding Bonds; (v) interest bearing deposit accounts in savings and loan associations or in state, national or foreign banks (including the Trustee and any Paying Agent), provided that either said deposits are insured by the Federal Deposit Insurance Corporation, are secured by obligations described in clauses (i) through (iii) above, or at the time the purchase is made the debt obligations of the depository are rated as high or higher than the Bonds by each Rating Agency providing a Rating on Outstanding Bonds; (vi) bankers' acceptances drawn on and accepted by commercial banks whose debt obligations at the time the purchase is made are rated as high or higher than the Bonds by each Rating Agency providing a Rating on Outstanding Bonds; (vii) commercial paper issued by United States corporations or their Canadian subsidiaries rated at the time the purchase is made in the highest rating category for commercial paper by each Rating Agency providing a Rating on Outstanding Bonds and maturing in 270 days or less; (viii) repurchase agreements and reverse repurchase agreements with banks which (1) are members of the Federal Deposit Insurance Corporation and (2) are rated in either of the two highest rating categories by each Rating Agency providing a Rating on Outstanding Bonds, or with government bond dealers reporting to and trading with the Federal Reserve Bank of New York, which agreements are secured by obligations described in the preceding clauses (i) through (iii) of this sentence; (ix) guaranteed investment contracts or similar deposit agreements with insurance companies with a claims paying rating from each Rating Agency providing a Rating on Outstanding Bonds at the time the contract or agreement is made at least equal to the respective Rating of the Bonds by the related Rating Agency, or with other financial institutions or corporations provided, at the time the contract or agreement is made, the debt obligations of any such financial institution or corporation are rated as high or higher than the Bonds by each Rating Agency providing a Rating on Outstanding Bonds or such contracts or agreements are secured by obligations described in clauses (i), (ii), (iii) and (viii) above; (x) shares in an investment company registered under the Federal Investment Company Act of 1940 whose shares are registered under the Federal Securities Act of 1933, or shares of a common trust fund established by a national banking association or a bank or trust company organized under the laws of any state with combined capital and surplus of at least $50,000,000, under the supervision and regulation of the Comptroller of the Currency pursuant to 12 C.F.R. 9, or any successor regulation, and whose only investments are qualified investments described in clauses (i), (ii), (iii) and (viii) above; (xi) notes, bonds, debentures or other debt issued or guaranteed by domestic corporations, provided that at the time of purchase such obligations are rated in either of the two highest rating categories by each Rating Agency providing a Rating on Outstanding Bonds; (xii) notes, bonds, debentures or other debt issued by the World Bank or the Inter-American Development Bank, provided that at the time of purchase such obligations are rated in either of the two highest rating categories by each Rating Agency providing a Rating on Outstanding Bonds; and (xiii) any other investment that as of the date made does not impair the Rating of any Outstanding Bonds.

Maximum Rate: in respect of any Variable Rate Bonds, the maximum interest rate that such Bonds may bear as specified in the Series Resolution authorizing the issuance of the Variable Rate Bonds.

Mortgage: a mortgage deed, deed of trust, or other instrument, which, except as otherwise provided in the Bond Resolution, shall constitute a first lien in the State on improvements and real property in fee simple, or on a leasehold under a lease having a remaining term which, at the time the Mortgage is acquired, does not expire for at least that number of years beyond the maturity date of the Mortgage Loan or Subordinate Mortgage Loan secured by such Mortgage which is equal to the number of years remaining until the maturity date of the Mortgage Loan or Subordinate Mortgage Loan.

Mortgage Loan: a loan by the Agency to a Mortgagor for the financing and/or refinancing of a Development for the purposes set forth in Section 101 of the Bond Resolution, secured by a Mortgage on the Development.

Mortgagor: a natural person, a public or private corporation, a partnership, a joint venture or other organization or entity, to the extent permitted by the Act and the rules of the Agency thereunder (including the Agency or any corporation, agency or instrumentality created or controlled by the Agency).

Outstanding: a reference as of any particular time to all Bonds theretofore delivered except (i) any Bond canceled by the Trustee, or proven to the satisfaction of the Trustee to have been canceled by the Agency or by any other Fiduciary, at or before that time, and (ii) any Bond for the payment or redemption of which either (a) money equal to the principal amount or Redemption Price thereof, as the case may be, with interest to the date of maturity or redemption date, or (b) Investment Obligations or money in the amounts, or the maturities and otherwise as described and required under the provisions of paragraph (B) or (D) of Section 1201 of the Bond Resolution, has been deposited with one or more Fiduciaries in trust (whether upon or prior to the maturity or redemption date of the Bond) and except in the case of a Bond to be paid at maturity, of which notice of redemption has been given or provided for in accordance with Article VII therein, and (iii) any Bond in lieu of or in substitution for which another Bond has been delivered pursuant to Section 605, 607 or 906 of the Bond Resolution.

Prepayment: any money received from a payment of principal on a Mortgage Loan or Subordinate Mortgage Loan in excess of the scheduled payments of principal then due, or from the sale of a Mortgage Loan or Subordinate Mortgage Loan pursuant to Section 313 of the Bond Resolution, other than money constituting a Recovery Payment.

Principal Installment: as of any particular date of calculation, an amount equal to the sum of (i) the principal amount of Outstanding Current Interest Bonds which mature on a single future date, reduced by the aggregate amount of any Sinking Fund Installments payable before that date toward the retirement of such Outstanding Current Interest Bonds, plus (ii) the amount of any Sinking Fund Installment payable on said future date toward the retirement of such Outstanding Current Interest Bonds, plus (iii) the Accreted Value, as of the same future date, of Capital Accumulator Bonds which mature or are required to be redeemed as a Sinking Fund Installment on such date.

Program: the Agency's program of making Mortgage Loans, including the payment when due of principal of and redemption premium, if any, and interest on Notes, for the purposes specified in Section 101 of the Bond Resolution.

Rating: with respect to any Bonds and as of any date, the rating issued by a Rating Agency then in force and prior to a proposed action to be taken by the Agency. An action does not "impair" the Rating with respect to any Bonds if the action will not cause the Rating Agency to lower or withdraw the rating it has assigned to such Bonds.

Recovery Payment: any money received or recovered by the Agency, in excess of the expenses necessarily incurred by the Agency in collection thereof, from (i) the sale or other disposition of a Development acquired by the Agency, or (ii) condemnation of a Development or part thereof, or (iii) other proceedings taken in the event of default by the Mortgagor, or (iv) the sale or other disposition of a Mortgage in default for the purpose of realizing on the Agency's interest therein, or (v) mortgage insurance or guaranty or hazard insurance.

Redemption Price: when used with respect to a Bond or portion thereof, the principal amount of a Current Interest Bond or the Accreted Value of a Capital Accumulator Bond or any portion thereof plus the applicable premium, if any, payable upon redemption thereof in accordance with its terms.

Revenues: all payments, proceeds, rents, charges and other income derived by or for the account of the Agency from or related to the Program, including without limitation the scheduled amortization payments of principal of and interest on Mortgages (whether paid by or on behalf of the Mortgagor or occupants of the Development subject to the Mortgage) and any Counterparty Hedge Payments payable by or received from or on behalf of any Hedge Counterparty pursuant to a Hedge Agreement or a Hedge Counterparty Guarantee, but not including Prepayments, Recovery Payments or Escrow Payments, and not including inspection, financing, application, commitment or similar fees or charges of the Agency which are included in the original principal amount of a Mortgage.

Sinking Fund Installment: any amount of money required by or pursuant to a Series Resolution as referred to in Section 202 of the Bond Resolution to be paid on a specified date by the Agency toward the retirement of any particular Term Bonds before their maturity.

Sinking Fund Installment Date: the date on which a Sinking Fund Installment is payable.

Subordinate Mortgage Loan: a Mortgage Loan, which may be junior and subordinate to other mortgage liens on a Development, made by the Agency pursuant to the authorization contained in Section 308 of the Bond Resolution.

Variable Rate Bonds: any Bonds the interest rate on which varies periodically such that the interest rate at a future date cannot be determined as of the date of calculation.

Authorization of Bonds

In order to provide sufficient funds for the Program, Bonds of the Agency designated as Rental Housing Bonds are authorized by the Bond Resolution to be issued from time to time without limitation as to amount except as provided in the Bond Resolution or as may be limited by law, and shall be issued subject to the terms, conditions and limitations established in the Bond Resolution. The full faith and credit of the Agency is pledged for the security of the Bonds, including interest and redemption premiums thereon, and the Bonds are general obligations of the Agency, payable out of any of its moneys, assets or revenues, subject to the provisions of any other resolutions, indentures or state laws now or hereafter pledging and appropriating particular moneys, assets or revenues to particular notes or Bonds.

Other Obligations

(A) Except as provided in Article II of the Bond Resolution, the Agency covenants that it will not create or permit the creation of or issue any obligations or create any additional indebtedness which will be secured by a charge or lien on the Revenues or will be payable from any of the Funds or Accounts established and created by or pursuant to the Bond Resolution, including the Debt Service Reserve Fund. The foregoing provision shall not be construed as prohibiting the Agency from entering into hedging transactions, such as interest rate swaps, in connection with the issuance of any Series of Bonds, or in connection with the payment of any Series of Outstanding Bonds.

(B) The Agency expressly reserves the right to adopt one or more additional bond or note resolutions and reserves the right to issue other obligations so long as they are not a charge or lien prohibited by paragraph (A) of this Section of the Bond Resolution.

Pledge of the Resolution

The Agency in the Bond Resolution covenants that it will cause to be paid to and deposited with the Trustee, or to its credit with Depositories designated by the Agency, and pledges and grants to the Trustee a security interest in, all proceeds of Bonds, all Mortgages and Mortgage Loans and other securities made and purchased from such proceeds (or from the proceeds of Notes paid from the proceeds of Bonds), and all income and receipt therefrom. This pledge is intended to be valid and binding from the time when made, and the Bond proceeds, Mortgages, Mortgage Loans, other securities, income and receipts pledge and hereafter received by the Agency are immediately to be subject to the lien thereof without any physical delivery or further act, and the lien of such pledge is intended to be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the Agency, whether or not such parties have notice thereof.

Custody and Application of Bond Proceeds

Each Series Resolution authorizing the issuance of a Series of Bonds is required to specify the purposes for which the proceeds of such Series of Bonds may be used and to provide for the disposition of the proceeds thereof. Purposes for which Bonds may be issued are (a) the making of Mortgage Loans, (b) the financing of Mortgage Loans previously made from the proceeds of Notes, (c) the refunding of Outstanding Bonds, and (d) incident to these purposes, the deposit of amounts determined by or pursuant to the Bond Resolution to be credited and paid into the Funds and Accounts referred to in the Bond Resolution.

Note Accounts. Money in any Note Account shall be held by the Trustee and applied as directed by the applicable Series Resolution to the payment of Notes upon receipt of an Officer's Certificate identifying them by title, date of issuance and maturity or redemption, interest rate and the person to whom payment is to be made and the amount thereof. All interest and other income received from the deposit and investment of money in the Note

Account pending application to the payment of Notes, unless otherwise directed by the applicable Series Resolution, shall be transferred as received to the Revenue Fund. Upon receipt of evidence satisfactory to the Trustee that such Notes have been paid and canceled, the Trustee shall transfer any balance remaining in the Note Account to the appropriate Project Account.

Project Account and Mortgage Loan Accounts. Money in each Project Account and Mortgage Loan Account shall be held by the Trustee or a Depository as directed by an Officer's Certificate. The Trustee shall create specific Mortgage Loan Accounts within the Project Account to finance specific Developments and the Trustee shall from time to time pay out or permit the designated Depository to pay out money in any Mortgage Loan Account held for the purpose of making a Mortgage Loan, upon receipt by the Trustee (or by the Depository with a copy to the Trustee) of an Officer's Certificate as to each payment or withdrawal, stating:

(i) the name of the Mortgagor to, and Development for, which the payment is to be made;

(ii) the amount to be paid; and

(iii) that this amount, together with all prior withdrawals from said Mortgage Loan Account and all prior advances made by the Agency to the Mortgagor on account of the Mortgage Loan, will not exceed in the aggregate the authorized amount of the Mortgage Loan.

All interest and other income from time to time received from the deposit and investment of money in the Project Account or any Mortgage Loan Accounts shall be transferred as received to the Trustee for deposit in the Revenue Fund.

Promptly upon the fulfilling of its commitment to make a Mortgage Loan to a Mortgagor, or upon revocation of the commitment before any substantial disbursement of funds thereunder, the Agency will deliver to the Depository and the Trustee an Officer's Certificate stating such fact and the amount of money, if any, remaining in the applicable Mortgage Loan Account, and directing this amount to be transferred by the Depository to the Trustee and deposited by the Trustee in a designated Project Account or in one or more designated Mortgage Loan Accounts or the Redemption Fund.

Mortgage Provisions and Conditions

Each Mortgage Loan financed from the proceeds of Bonds or of Notes paid from the proceeds of Bonds or from amounts made available from the Redemption Fund, and the Mortgage securing it, shall conform to the following terms, conditions, provisions and limitations as well as those stated in "Program Covenants" herein, except to the extent, if any, that a variance therefrom is required by an agency or instrumentality of the United States guaranteeing, insuring, or otherwise assisting in the payment of the Mortgage Loans. In addition, the Agency may, solely from Excess Revenues under the Bond Resolution which could otherwise be withdrawn therefrom pursuant to Section 404(5) thereof, make Subordinate Mortgage Loans with respect to a Development upon such terms and conditions as the Agency may deem appropriate, and without regard to the following provisions.

Lien. With respect to each Mortgage Loan, the Mortgage and complementary financing statements and other necessary documents shall be executed, recorded and filed in accordance with the requirements of existing laws, so as to create and constitute a valid first mortgage lien on the real property or leasehold interest in real property of the Mortgagor which is the site of the Development and improvements thereon for which the Mortgage Loan is made, and a valid security interest in all personal property acquired with proceeds of the Mortgage Loan and attached to or used in the operation of the Development.

Title. Before the disbursement of Bond proceeds to make the Mortgage Loan or to pay Notes the proceeds of which were used to make it, the Mortgagor shall have acquired marketable title in fee simple to the site of the Development, or a leasehold interest therein sufficient as the subject of a Mortgage as defined in Section 103 of the Bond Resolution, subject only to liens and encumbrances which in the reasonable judgment of the Agency do not materially affect its value or usefulness for the intended use; and there shall be deposited with the Trustee, or with an agent (which may be the Agency) authorized by the Trustee to receive on its behalf and transmit to the Trustee, (i) the Mortgage; (ii) the note evidencing the Mortgage Loan; (iii) an acceptable title opinion or title insurance policy;

and (iv) originals or photocopies of all other agreements and certificates of the Mortgagor relating to the Development.

Participation. The Agency may participate with another party or parties in the making of a Mortgage Loan for various purposes as set forth in the Resolution, if its mortgage lien and security interests, in proportion to its participation, is on a parity with or superior to that of all other parties, but the interest rate and time and rate of amortization of that part of the Mortgage Loan made by the Agency and that made by others need not be equal. The Agency may make an additional Mortgage Loan in certain circumstances on a parity of lien with the Mortgage then held by the Agency or subordinate thereto (but not junior or subordinate to a mortgage held by any other party unless permitted by the Resolution).

Prepayments. With respect to each Mortgage Loan, the Mortgage shall not permit a Prepayment of the Mortgage Loan without the consent of an Authorized Officer of the Agency, unless required by an agency of the United States as contemplated in this section; but the Agency may undertake in the Mortgage to give its consent if the following conditions with respect to Prepayment exist:

(a) the amount to be paid prior to satisfaction of the Mortgage equals, as of the date of the Prepayment:

(i) the unpaid principal balance of the Mortgage Loan: plus

(ii) accrued interest to the date of the Prepayment; plus

(iii) unless waived or modified by the Agency, a prepayment penalty calculated in accordance with the terms of the Mortgage; and

(b) an Authorized Officer determines that after such Prepayment (whether total or partial), the Agency will remain in compliance with its Revenue Covenant.

The Agency may consent to the Prepayment of any Subordinate Mortgage Loan upon such terms as it, in its sole discretion, deems appropriate.

Insurance and Escrow. With respect to each Mortgage Loan, the Mortgage or an accompanying document shall require the Mortgagor:

(a) to procure and maintain fire and extended coverage insurance on the Development in amount as determined by the Agency, payable to the Agency as its interest may appear;

(b) to pay all taxes, special assessments and other lawful governmental charges with respect to the Development before they become delinquent, and all claims for work done and materials furnished with respect thereto before they are filed as liens on the Development, except during any period for which payment of part or all thereof may be deferred, with the written consent of and upon such terms as are specified by an Authorized Officer, for the purpose of contesting the same; and

(c) to make monthly Escrow Payments to the Agency or a Servicer or a Depository sufficient to accumulate funds for taxes and other governmental charges and insurance premiums.

Disbursements. Before the disbursements of a Mortgage Loan from Bond proceeds the Mortgagor shall have completed the Development and paid all costs thereof in a manner approved by an Authorized Officer, or shall have:

(a) obtained all governmental approvals required by law for the acquisition and construction of the Development;

(b) obtained written approval by an Authorized Officer of final plans and specifications for the Development and provided, if required, assurance and documentation of a nature and in an amount sufficient in the opinion of an Authorized Officer, securing performance of the work in accordance therewith, provided that no disbursement of construction costs shall be made until such approval is given and such assurance furnished;

(c) deposited with the Trustee or a Depository cash or an irrevocable letter of credit or other valuable consideration satisfactory to an Authorized Officer, in any amount by which the cost of the Development as estimated by the Agency exceeds the authorized amount of the Mortgage Loan.

The Agency may impose additional disbursement requirements, or modify the foregoing requirements, to the extent required to comply with the rules, regulations or procedures of any agency or instrumentality of the United States guaranteeing, insuring or otherwise participating in the making of a Mortgage Loan or the repayment thereof.

Alienation. Except as provided below, with respect to each Mortgage Loan, the Mortgage shall not permit the sale, lease or encumbrance of the Development without the written consent of the Agency, by its Authorized Officer, which consent may be given (but need not be given) only in the cases of:

(a) receipt of full Prepayment conforming to the requirements stated below;

(b) grant of easements, licenses or rights-of-way over, under or upon the site of the Development which, in the opinion of the Officer, do not destroy or diminish its usefulness for the purpose intended;

(c) lease of the Development or a part thereof to a third party for the purpose of operation, provided that such lease is permitted by law and is subject to all of the terms, provisions and limitations of the Mortgage;

(d) sale or exchange of any improved or unimproved land which in the opinion of an Authorized Officer is not needed for the efficient operation of the Development, provided that an appraisal acceptable to the Agency is received showing that the Development, subsequent to such release, has an appraised value not less than 110% of the outstanding principal balance of the Mortgage;

(e) sale to another eligible Mortgagor approved by resolution of the Agency, who assumes all obligations of the original Mortgagor under the Mortgage and accompanying documents; in which case the Agency may release the original Mortgagor unless otherwise provided in the Mortgage;

(f) grant of a parity mortgage lien on the Development or a portion thereof if such parity mortgage lien is given to secure financing for the expansion, improvement or renovation of the Development or portion thereof; or

(g) grant of a subordinate mortgage lien on the Development or a portion thereof.

Enforcement. The Agency shall diligently enforce, and take all reasonable steps, actions and proceeding necessary for the enforcement, of all terms, covenants and conditions of Mortgages securing Mortgage Loans made by the Agency, including the prompt collection of Mortgage repayments and fees and charges and other Revenues.

Whenever it shall be necessary in order to protect and enforce the rights of the Agency under a Mortgage securing a Mortgage Loan and to protect and enforce the rights and interests of Bondholders under the Bond Resolution, the Agency shall commence foreclosure proceedings against each Mortgagor in default under the provisions of a Mortgage, shall bid for and purchase the Development covered by such Mortgage at the foreclosure or other sale thereof and shall acquire and take possession of such Development.

Upon foreclosure of a Mortgage securing a Mortgage Loan, or upon acquisition of the Development in lieu of foreclosure of a Mortgage in default, and so long as the Agency shall have title to or be in possession of the Development, the Agency shall, as the case may be, construct, operate and administer such Development in the place and stead of the Mortgagor in such manner as the Agency reasonably determines is in the best interests of the Bondholders. In so doing, the Agency, to the extent it may have money available for such purpose, including any money on deposit in the Mortgage Loan Account relating to the Development, may complete the construction and development thereof if not already completed in such manner as the Agency reasonably determines is in the best interests of the Bondholders. From money provided by the Agency from the ownership and operation of the Development, to the extent such money is sufficient for the following purposes, the Agency shall first pay or make provision for payment of the costs and expenses of taxes, insurance, foreclosure fees, including appraisal and legal fees and similar expenses required to preserve or acquire unencumbered title to the Development, and after providing currently for these expenses shall pay the cost and expenses of operating the Development, including the repayments which the Mortgagor was obligated to pay pursuant to the terms and provisions of the Mortgage. The Trustee or other Depository of the Mortgage Loan Account established with respect to any Development foreclosed or otherwise acquired by the Agency prior to its completion shall be authorized to pay to the Agency upon its requisition any amount on deposit in the Mortgage Loan Account, upon receipt of an Officer's Certificate that such amount is required to pay an item that would have been included in the cost of the Development had the Agency not acquired the same. If the Agency determines that completion of the Development is not in the best interests of the Bondholders, the remaining funds in any such Mortgage Loan Account shall be disposed of in the same manner as set forth in the Bond Resolution for funds remaining in a Mortgage Loan Account upon completion of a Development or cancellation of a commitment to make a Mortgage Loan for a Development.

Upon or after foreclosure of a Development under a Mortgage securing a Mortgage Loan, or acquisition thereof from the Mortgagor in lieu of foreclosure:

(a) the Agency may resell the Development to an eligible Mortgagor and make a Mortgage Loan with respect thereto as if such eligible Mortgagor were the original Mortgagor, subject to all of the terms, provisions, conditions and limitations contained in this section and "Program Covenants" below; or the Agency may sell the Development to a party other than an eligible Mortgagor;

(b) the Agency shall not resell the Development for a price less than its fair market value as reasonably determined by the Agency through a solicitation of bids for the purchase of the Development or by an appraiser or other real estate consultant selected by the Agency and acceptable to the Trustee;

(c) subsequent to such sale the Agency must remain in compliance with its Revenue Covenant under the Bond Resolution; and

(d) all proceeds from the sale of any Development shall be considered a Recovery Payment and shall be deposited in the Suspense Account in the Redemption Fund.

The foregoing provisions regarding foreclosure of mortgages shall not apply to Mortgages securing Subordinate Mortgage Loans, and the Agency may proceed to protect and enforce the rights of the Agency under a Mortgage securing a Subordinate Mortgage Loan in such manner as the Agency, in its sole discretion, deems appropriate.

Modification. Except as otherwise permitted by the terms of the Bond Resolution, the Agency shall not consent to the modification of the security for or any terms or provisions of any Mortgage Loan or the Mortgage securing the same in a manner materially detrimental to Bondholders. No reduction in the interest rate or schedule of payments will be made which would result in a failure by the Agency to comply with its Revenue Covenant. Notwithstanding the foregoing, the Agency may consent to the modification of the terms of any Subordinate Mortgage Loan or Mortgage securing such loan in any manner and to any extent the Agency, in its sole discretion, deems appropriate.

Sale. The Agency may sell any Mortgage or other obligation securing a Mortgage Loan provided that after such sale an Authorized Officer determines the Agency will remain in compliance with its Revenue Covenant. The Agency may sell any Mortgage or other obligation securing a Subordinate Mortgage Loan upon such terms and conditions as the Agency, in its sole discretion, deems appropriate.

Program Covenants—Revenue Covenant

The Agency shall from time to time, with all practical dispatch and in a sound economical manner consistent in all respects with the Act as then amended and in effect and with the provisions of the Bond Resolution, use and apply the proceeds of the Bonds, to the extent not required by the Bond Resolution for other Program purposes, to make Mortgage Loans pursuant to the Act and the Bond Resolution, and shall do all such acts and things as are necessary to receive and collect Revenues, Prepayments, Recovery Payments and Escrow Payments, consistent with sound practices and principles, and shall diligently enforce and take all steps, actions and proceedings reasonably necessary in the judgment of the Agency for the enforcement of all terms, covenants and conditions of the Mortgage Loans. The Agency shall also take all steps, actions and proceedings reasonably necessary in the judgment of the Agency for the enforcement of all terms, covenants and conditions of Subordinate Mortgage Loans.

There shall at all times be scheduled payments of principal and interest on Mortgage Loans pledged under the Bond Resolution which, when added to any other legally enforceable payments on Mortgage Loans or with respect to the Bond Resolution (including Counterparty Hedge Payments), and interest and other income estimated by the Agency to be derived from the investment or deposit of money available therefor in any Fund or Account created by the Bond Resolution, will be sufficient to pay the Principal Installments of and interest on all Outstanding Bonds (excluding from such calculations all amounts scheduled to be received pursuant to the provisions of Subordinate Mortgage Loans). In making a determination as of any date that the Agency is in compliance with this covenant, the Agency may make assumptions as to future events (including, as applicable, assumptions as to the amounts of Agency Hedge Payments and Counterparty Hedge Payments and the amount of interest payable on Variable Rate Bonds), which assumptions shall be based upon the Agency's reasonable expectations as of the date of such determination.

The Agency reserves the right:

(a) at the time of issuance of any Series of Bonds for the purpose of repaying notes or Bonds the proceeds of which were used to make a Mortgage Loan, to consent to a reduction of the interest on that Mortgage Loan, provided that the Agency will then be in compliance with the preceding paragraph;

(b) at any time, to forgive a portion of the interest on a Mortgage Loan by consenting to the establishment of scheduled payments of principal and interest lower than those required to amortize the Mortgage Loan during its then remaining term at the agreed interest rate, provided that (i) the scheduled payments of principal and interest on all Mortgage Loans, giving effect to that and all similar reductions then in effect, will in the aggregate be sufficient to comply with the preceding paragraph, and (ii) if it is subsequently determined by an Authorized Officer that such aggregate scheduled principal and interest payments will or may be insufficient for such compliance, such forgiveness may be terminated in whole or in part with respect to subsequent payments on that Mortgage Loan; and

(c) to consent to any modifications to a Subordinate Mortgage Loan, including forgiving all or a portion of principal thereof or interest thereon, as the Agency may determine in its sole discretion. The Agency reserves the right to withdraw any amount from its General Reserve Account and deposit it in the Bond Fund in payment and satisfaction of a corresponding amount of the scheduled principal or interest payments on any Mortgage Loan. The Agency shall be entitled to recover from the Mortgagor any amounts so advanced, together with interest thereon at the rate payable on the Mortgage Loan, or to enforce its right to such recovery under the Mortgage, but only after all other defaults thereunder have been cured.

Deposit of Revenues and Other Money

The Agency will collect and deposit or will require a Servicer to collect and deposit with the Trustee or a Depository, on the date of receipt so far as practicable, all Revenues, Prepayments, Recovery Payments and Escrow Payments receivable from Mortgagors, and will forward or require the Depository to forward promptly to the Trustee statements of each amount deposited except Escrow Payments. The Trustee shall be accountable only for moneys actually so deposited, other than Escrow Payments. All moneys so deposited shall be apportioned by the Agency or Servicer and paid into and credited on the books of the Depository and the Trustee as follows:

(a) Revenues to the Revenue Fund:

(b) Prepayments and Recovery Payments to the Redemption Fund; and

(c) Each Escrow Payment to an Escrow Account separately held by the Depository or the Agency.

Revenue Fund

As of the first and on or before the tenth day of each month after the first delivery of Bonds, on any Interest Payment Date or on any date as further provided in clause (d) below, from any moneys in the Revenue Fund then held by the Trustee and Depositories, the Trustee shall withdraw and pay into each of the following Funds the amount indicated in the following tabulation, or so much thereof as remains after first crediting to each Fund preceding it in the tabulation the full amount indicated for that Fund:

(a) to the Bond Fund (and such separate Accounts therein as may be designated by one or more Series Resolutions), the amount needed to increase the aggregate balance therein to the Bond Requirement;

(b) to the Debt Service Reserve Fund (and such separate Accounts therein as may be designated by one or more Series Resolutions), the amount needed to increase the aggregate balance therein to the Debt Service Reserve Requirement;

(c) to an Account in the Revenue Fund held by the Trustee at its Principal Office, the additional amount needed to make each of the payments which will be required under the foregoing clauses (a) and (b) to be made as of the first day of the following month:

(d) if payment of interest and Principal Installments, if any, then or theretofore due on all Outstanding Bonds has been made in full and the amounts on deposit in all Funds and Accounts referred to in clauses (a) to (c) equal or exceed the Requirements applicable thereto, to the Expense Fund, the amount then required to increase the balance therein to the Expense Requirement (provided that the Agency may elect to receive the Expense Requirement from time to time by payment directly from the Revenue Fund upon providing the Trustee with an Officer’s Certificate as provided in the Bond Resolution); and

(e) when authorized by an Officer’s Certificate, the Trustee may credit Revenues to the Bond Fund (and such separate Accounts therein as may be designated by one or more Series Resolutions) upon receipt, up to the amount of the current Bond Requirement, and in excess of that requirement if the current Debt Service Reserve and Expense Requirements, if any, have been met.

In the event that on any Interest Payment Date, after payment of all interest and Principal Installments then due, the amounts in all Funds and Accounts referred to in clauses (a) to (d) equal or exceed the Requirements applicable thereto, any amount then on hand in the Revenue Fund and any Revenues thereafter received in excess of the current requirements of all of said Funds and Accounts may be transferred to the Agency’s General Reserve Account, and shall be so transferred upon request in writing by an Authorized Officer; provided that no such transfer shall be made unless, after giving effect to such transfer, total assets of the Bond Resolution shall exceed total liabilities, determined in accordance with generally accepted accounting principles and evidenced by an Officer’s Certificate.

The Agency reserves the right, in its sole and absolute discretion, to deliver to the Trustee from time to time funds not constituting Revenues or otherwise subject to the pledge of the Bond Resolution and an Officer’s Certificate directing the Trustee to credit such funds to one or more Funds or Accounts hereunder, and the Trustee is authorized to credit such funds in accordance with the directions of the Officer’s Certificate and such funds shall thereupon become subject to the lien and provisions of the Bond Resolution, as applicable.

Bond Fund

(a) The Trustee shall withdraw from the Bond Fund, prior to each Interest Payment Date an amount equal to the unpaid interest due on the Outstanding Bonds on or before that date, and shall cause it to be applied to the payment of said interest when due, or shall transmit it to one or more Paying Agents who shall apply it to such payment as provided in Series Resolutions.

(b) If the withdrawals required under (a) above on the same and every prior date have been made, the Trustee shall withdraw from the Bond Fund, prior to each Principal Installment Date and Sinking Fund Installment Date, an amount equal to the principal amount or Accreted Value of the outstanding Bonds, if any, maturing or subject to mandatory redemption on or before that date and shall cause it to be applied to the payment of the principal or Accreted Value of said Bonds when due or transmit it to Paying Agents who shall apply it to such payment.

(c) Each withdrawal from the Bond Fund under (a) and (b) above shall be made not earlier than five (5) days prior to the Interest Payment or Principal Installment Date or Sinking Fund Installment Date to which it relates, and the amount so withdrawn shall be deemed to be part of the Bond Fund until the Interest Payment Date or Principal Installment Date or Sinking Fund Installment Date.

(d) The Trustee shall apply money in the Bond Fund to the purchase or the redemption of Outstanding Term Bonds subject to mandatory redemption in the manner provided in this paragraph and Section 702 of the Bond Resolution, provided that no such Bond shall be purchased during the period of thirty (30) days next preceding the Date of a Sinking Fund Installment established for such Bonds. The price paid by the Trustee (excluding accrued interest but including any brokerage and other charges) for any Bond purchased pursuant to this paragraph shall not exceed the Redemption Price applicable on the next date on which such Bond could be redeemed in accordance with its terms as part of a Sinking Fund Installment. Subject to the limitations set forth and referred to in this paragraph, the Trustee shall purchase Bonds at such times, for such prices, in such amounts and in such manner (whether after advertisement for tenders or otherwise) as the Agency may determine in an Officer's Certificate furnished to the Trustee.

(e) As soon as practicable after the forty-fifth and before the thirtieth day prior to the Date of each Sinking Fund Installment, unless a different notice period is required by the applicable Series Resolution, the Trustee shall call for redemption on that date the principal amount or Accreted Value of the remaining Bonds entitled to said Installment, and on that date the Trustee shall apply the money in the Bond Fund to the payment of the Redemption Price of the Bonds so called for redemption.

(f) If, on any Interest Payment Date for Bonds that are subject to a Hedge Agreement, payment of interest and Principal Installments, if any, then or theretofore due on all Outstanding Bonds has been made in full and the amounts on deposit in all Funds and Accounts referred to in clauses (a) to (c) under the heading "Revenue Fund" equal or exceed the Requirements applicable thereto, then any amounts on hand in the Bond Fund in excess of the Bond Requirement on such date shall be transferred to the Expense Fund upon the written request of an Authorized Officer if required to increase the balance therein to the Expense Requirement in respect of Agency Hedge Payments and credit or liquidity support or remarketing fees then owing.

(g) No amount is to be withdrawn or transferred from or paid out of the Bond Fund except as described in this Section.

Debt Service Reserve Fund

(a) If at any time there is not a sufficient amount in the Bond Fund to provide for the payment when due of Principal Installments of and interest on the Outstanding Bonds, the Trustee shall withdraw from the Debt Service Reserve Fund and pay into the Bond Fund the amount of the deficiency then remaining. The Trustee shall notify the Agency in writing ten (10) days prior to any such withdrawal from the Debt Service Reserve Fund.

(b) In addition to the payments made into the Debt Service Reserve Fund pursuant to Section 404 of the Bond Resolution or otherwise, the Agency shall deposit in the Debt Service Reserve Fund any money appropriated and paid to the Agency by the State pursuant to the Act for the purpose of restoring the Debt Service Reserve Fund to the Debt Service Reserve Requirement.

(c) If as of the first day of any month the amount in the Debt Service Reserve Fund exceeds the Debt Service Reserve Requirement, the Trustee within ten (10) days thereafter shall withdraw any amount therein in excess of the Debt Service Reserve Requirement, and pay the same into the Revenue Fund.

(d) The Agency shall at all times maintain the Debt Service Reserve Fund and will do and perform or cause to be done and performed each and every act and thing with respect to the Debt Service

Reserve Fund provided to be done or performed by or on behalf of the Agency or the Trustee under the terms and provisions of Article IV of the Bond Resolution and of the Act.

(e) In order to better secure the Bonds and to make them more marketable and to maintain in the Debt Service Reserve Fund an amount equal to the Debt Service Reserve Requirement, and in accordance with the provisions of Section 22, Subdivision 8 of the Act, the Agency shall cause the Chairperson, annually, on or before December 1 of each year, to make and deliver to the Governor of the State a certificate stating (a) the amount, if any, that is necessary to restore the Debt Service Reserve Fund to an amount equal to the Debt Service Reserve Requirement (but not exceeding the maximum amount of principal and interest to become due and payable in any subsequent year on all Bonds and Notes which are then Outstanding and secured by the Debt Service Reserve Fund) and (b) the amount, if any, determined by the Agency to be needed in the then immediately ensuing fiscal year, with other funds pledged and estimated to be received into the Revenue Fund during that year, for the payment of the principal and interest due and payable in that year on all then Outstanding Bonds and Notes secured by the Debt Service Reserve Fund. All moneys received by the Agency from the State in accordance with the provisions of Section 22, Subdivision 8 of the Act pursuant to any such certification shall be paid to the Trustee for deposit in and credit to the Debt Service Reserve Fund or Revenue Fund, as provided in the Bond Resolution.

(f) No amount is to be withdrawn from or paid out of the Debt Service Reserve Fund except as described in this Section.

Expense Fund

(a) Money deposited in the Expense Fund, if any, shall be disbursed for the payment of continuing expenses of the Program (including operating and maintenance expenses of Developments in the possession of the Agency), any Agency Hedge Payments owing from time to time to a Hedge Counterparty pursuant to a Hedge Agreement and any fees or expenses owing from time to time to a person or entity providing credit or liquidity support or remarketing services in respect of any Bonds upon receipt of an Officer's Certificate stating the name of the party to be paid, the amount to be paid and the purpose of the payment.

(b) Income received or other money held in the Expense Fund in excess of the Expense Requirement shall be credited by the Trustee to the Revenue Fund.

(c) No amount is to be withdrawn, transferred or paid out of the Expense Fund except as described in this Section.

Redemption Fund

(a) The Trustee shall establish a Suspense Account in the Redemption Fund, to which it shall credit all Prepayments and Recovery Payments, and all surplus amounts transferred from Mortgage Loan Accounts under Section 307(G) of the Bond Resolution; each of which shall be used and applied as directed by an Officer's Certificate, either (i) to provide additional funds to a Mortgage Loan Account for an increase in the amount of a Mortgage Loan authorized by the Agency, or (ii) for the establishment of one or more Mortgage Loan Accounts for new Mortgage Loans made by the Agency, or (iii) for the purchase or redemption of Outstanding Bonds, or (iv) if no Bonds of a Series are Outstanding and Prepayments have been received from one or more Mortgage Loans financed by Bonds of the Series, any such remaining Prepayments, for the payment of any Agency Hedge Payments under, or any amounts payable by the Agency upon early termination of, a Hedge Agreement relating to such Series of Bonds; provided that as of the first day of each month while any Prepayment or Recovery Payment is held in the Suspense Account, the Trustee shall transfer from that Account to the Bond Fund the scheduled monthly payment of principal of the Mortgage Loan with respect to which the Prepayment or Recovery Payment was received, less the amount of any payment of principal actually received with respect to such Mortgage Loan, if such transfer is required in order to meet the Bond Requirement.

(b) By Officer's Certificate the Agency may authorize the increase of any Mortgage Loan or the making of a new Mortgage Loan as contemplated above, and for that purpose may appropriate any money at the time available in or transferred to the Redemption Fund in accordance with the provisions of Article IV of the Bond Resolution to one or more designated Mortgage Loan Accounts for disbursement pursuant to Section 307 of the Bond Resolution. Upon the filing with the Trustee of the Officer's Certificate, the Trustee shall withdraw from the Redemption Fund and deposit the amount authorized in each Mortgage Loan Account designated in the Certificate.

(c) Upon receipt of the Officer's Certificate referred to in Section 702 of the Bond Resolution, the Trustee shall apply money in the Redemption Fund not otherwise applied in accordance with paragraphs (a) and (b) above to the purchase of Bonds designated in the Certificate at the most advantageous price obtainable with due diligence. Bonds not so purchased may be redeemed at a Redemption Price determined by Series Resolution at the time and in the manner provided in Article VII of the Bond Resolution. Bonds shall not be purchased pursuant to this paragraph during the period of forty-five (45) days next preceding a redemption date from money to be applied to the redemption of Bonds on such date.

(d) Notwithstanding the foregoing, any Prepayment or Recovery Payment received with respect to a Subordinate Mortgage Loan may be used and applied, as directed by an Officer's Certificate, in such manner as the Agency, in its sole discretion, may determine.

(e) Income from the investment of the Redemption Fund shall be credited as received to the Revenue Fund.

(f) No amount is to be withdrawn or transferred from or paid out of the Redemption Fund except as described above.

Escrow Accounts

Escrow Payments received by the Agency or a Servicer, whether separately or as part of some other payment, shall be deposited in an Escrow Account and shall be promptly applied by the Agency or Servicer to the purpose for which such payments were received, and any such payments received by the Trustee or a Depository, whether separately or as part of some other payment, shall immediately be paid to the Agency and applied by the Agency to the purpose for which they were received.

General Reserve Account

All amounts authorized in Article IV of the Bond Resolution to be withdrawn from the Revenue Fund and deposited in the General Reserve Account of the Agency shall be free and clear of any lien or pledge created by the Bond Resolution and may be used for any purpose authorized by the Act, subject to the provisions of Section 102, clauses (6) and (7) of the Bond Resolution.

Investment and Deposit of Funds

(a) Subject to instructions from time to time received from an Authorized Officer (which need not be in writing), and with the objective of assuring the maximum yield reasonably possible on money held in each Fund, each Fiduciary shall keep all money held by it invested and reinvested, as continuously as reasonably possible, in Investment Obligations defined in Section 103 of the Bond Resolution (including interest-bearing time deposits and certificates of deposit). All Investment Obligations shall mature or be redeemable (at the option of the holder) and bear interest payable at the times and in the amounts estimated to be necessary to provide funds for Mortgage Loan disbursements and for the payment of the principal and Accreted Value of and interest and premium, if any, on Bonds when due or when scheduled for redemption pursuant to applicable Series Resolutions. The maturity date of a security purchased under a repurchase agreement shall be deemed to be the agreed repurchase date. The maturity date of a time deposit or certificate of deposit shall be deemed to be any date on which, with such notice as may be required, the deposit may be withdrawn without loss of interest.

(b) Money in separate Funds may be commingled for the purpose of investment or deposit, subject to instructions from an Authorized Officer, to the extent possible in conformity with the provisions of paragraph (a) of this Section. Moneys in separate funds or series accounts may be invested in common trust funds or pools of which such money forms a part pursuant to the terms of which each Fund or series account is allocated a share of a pooled security proportionate to the amount contributed to the purchase price of the pooled security, subject to the provisions of paragraph (a) of this Section and to the restrictions on Investment Obligations imposed by each Series Resolution. Investments shall be sold at the best price obtainable, and amounts held in certificates of deposit or time deposits shall be withdrawn, whenever necessary in order to make any disbursement or repurchase of Mortgage Loans, payment of expenses of debt service. Investment Obligations need not be disposed of to make required transfers from one Fund or Account to another, but one or more Investment Obligations or portions thereof may be transferred in lieu of cash.

(c) Subject to approval by an Authorized Officer, the Trustee or another Fiduciary may apply money pertaining to any Fund or Account created by or pursuant to the Bond Resolution to the purchase of Investment Obligations owned by it or its individual capacity, and may sell to itself in its individual capacity Investment Obligations held by it in any such Fund or Account as such Fiduciary.

Additional Bonds

The Bond Resolution provides that after authorization by a Series Resolution and compliance with such requirements as are set forth therein, Bonds of any Series may be delivered upon the following, among other, conditions:

The Agency shall furnish to the Trustee:

(a) copies of the Bond Resolution and the applicable Series Resolution, certified by an Authorized Officer;

(b) a Counsel's Opinion that:

(i) the Bond Resolution and the applicable Series Resolution have been duly adopted by the Agency and are valid and binding upon it and enforceable in accordance with their terms;

(ii) the Bond Resolution creates the valid pledge which it purports to create; and

(iii) the principal amount of the Bonds to be issued and other obligations theretofore issued by the Agency does not exceed any legal limitation;

(c) an Officer's Certificate stating:

(i) the amounts to be deposited in all Funds and Accounts;

(ii) that the issuance of the Bonds will have no material adverse effect on the ability of the Agency to pay the Principal Installments of and interest on all Bonds (including the Outstanding Bonds and the Bonds then to be issued);

(iii) that after such issuance there will be scheduled payments of principal and interest on Mortgage Loans then held by the Agency or to be made or purchased by the Agency from the proceeds of such Series of Bonds (or from the proceeds of Notes paid or to be paid from the proceeds of the Bonds) which, with any other legally enforceable payments with respect to such Mortgage Loans or with respect to the Bond Resolution (including Counterparty Hedge Payments), and with interest or other income estimated by the Agency to be derived from the investment or deposit of money available therefor in all Funds and Accounts created by the Bond Resolution, will be sufficient to pay the Principal Installments of and interest on the Bonds then Outstanding and the additional Series of Bonds on their Principal Installment and Interest Payment Dates (excluding from such calculations the amounts to be received by the Agency pursuant to any Subordinate Mortgage Loans); provided that, in making such statement the Authorized Officer may set forth the assumptions upon which the statement is based (including, without limitation, assumptions as to the amounts of Agency Hedge Payments and Counterparty Hedge Payments and the amount of interest payable on Variable Rate Bonds), which assumptions shall be based upon the Agency's reasonable expectations as of the date of such Officer's Certificate; and

(iv) that the balance in the Debt Service Reserve Fund immediately prior to the issuance of such Bonds is not less than the Debt Service Reserve Requirement computed with reference to the Outstanding Bonds (except Outstanding Bonds which are to be refunded by the additional Bonds); and

(d) if the Bonds to be issued are Variable Rate Bonds or are the subject of a Hedge Agreement, written confirmation from each Rating Agency that the issuance of such Bonds will not impair the Rating on any Bonds then Outstanding.

The Trustee shall determine and certify:

(a) that it is has received the documents listed above; and

(b) that the amount of Bond proceeds or other funds of the Agency to be deposited in the Debt Service Reserve Fund is sufficient to increase the amount in the Fund to the Debt Service Reserve Requirement effective after the issuance of the Bonds, as computed by the Trustee.

Hedge Agreements

The Agency may from time to time enter into one or more Hedge Agreements with respect to any Series of Bonds outstanding or proposed to be issued on the terms and conditions and subject to the limitations set forth in this section and elsewhere in the Bond Resolution. The Agency shall not enter into a Hedge Agreement unless (1) as of the date the Agency enters into the Hedge Agreement, either the Hedge Counterparty or the person or entity executing a Hedge Counterparty Guarantee relating thereto has outstanding unsecured long-term debt obligations rated by, or other applicable rating given by, as high as or higher than the Rating on the Outstanding Bonds; and (2) if the Hedge Agreement relates to Outstanding Bonds, the Trustee receives written confirmation from each Rating Agency that the execution and delivery of the Hedge Agreement by the Agency will not impair the Rating on any Bonds then Outstanding. To secure its obligation to make Agency Hedge Payments to a Hedge Counterparty pursuant to a Hedge Agreement, the Agency may grant to the Hedge Counterparty a subordinate and junior pledge and security interest (subordinate and junior to the pledge and security interest granted to the Bondholders) in all or any of the Revenues, Prepayments, Recovery Payments or any other moneys, securities, Funds or Accounts hereunder; provided, however, that the payment of Agency Hedge Payments shall not be secured by the Debt Service Reserve Fund. Nothing in this Section 205 is intended to prohibit the Agency from securing any payments it is obligated to make in respect of the early termination of a Hedge Agreement by the full faith and credit of the Agency, by amounts to be transferred to the General Reserve Account pursuant to the last sentence of the first paragraph under the heading "Revenue Fund" or by other moneys, assets or revenues of the Agency not pledged to the payment of Outstanding Bonds under the Bond Resolution.

Amendments of the Bond Resolution

Amendments of or supplements to the Bond Resolution may be made by a Supplemental Bond Resolution (a "Supplemental Resolution").

Supplemental Resolutions may become effective upon filing with the Trustee if they add restrictions on the Agency, add covenants by the Agency, surrender privileges of the Agency, authorize additional Bonds and fix the terms thereof or affect only Bonds not yet issued.

Supplemental Resolutions become effective upon consent of the Trustee if they concern only curing or clarifying an ambiguity, omission, defect or inconsistency, or make any other change which, in the judgment of the Trustee, is not prejudicial to the Trustee and which does not adversely affect the interests of Bondholders. Other Supplemental Resolutions become effective only with consent of the Holders of at least a majority in principal amount and Accreted Value of the Outstanding Bonds affected thereby.

However, no amendment shall permit a change in the terms of redemption or maturity of any Outstanding Bond or of any installment of interest thereon or a reduction in the principal amount or Accreted Value thereof or the Redemption Price thereof or the rate of interest thereon without the consent of the Holder of such Bond, or shall reduce the percentage of the Holders the consent of which is required to effect any such amendment, without unanimous consent of the Bondholders.

Any amendment may be made with unanimous consent of the Bondholders, except that no amendment shall change any of the rights or obligations of any Fiduciary without the consent of the Fiduciary.

Defeasance

If the Agency shall pay or cause to be paid to the Holders of the Bonds, the principal, Accreted Value and interest and Redemption Price, if any, to become due thereon, at the times and in the manner stipulated therein and in the Bond Resolution, then, unless there shall be an Officer's Certificate delivered to the Trustee to the contrary, the pledge of the Revenues, Prepayments, Recovery Payments and other moneys, securities and funds pledged by the Bond Resolution and the covenants, agreements and other obligations of the Agency to the Bondholders thereunder shall be discharged and satisfied.

Bonds and interest thereon for the payment or redemption of which moneys shall have been deposited with the Trustee shall be deemed to have been paid, provided that, if any of such Bonds are to be redeemed prior to the maturity thereof, provision satisfactory to the Trustee shall have been made for the giving of notice of redemption thereof. Moneys so held by the Trustee shall be invested by the Trustee, as directed by the Agency, in Investment Obligations which are direct obligations of the United States or guaranteed by the United States. If the maturing principal of such Investment Obligations and the interest to fall due thereon at least equal the amount of money required for the payment on any future date of the interest on and principal of or Redemption Price on such Bonds, the Bonds shall be deemed to have been paid.

Events of Default

Each of the following shall constitute an event of default under the Bond Resolution: (a) interest on any of the Bonds is not paid on any date when due, or the principal, Accreted Value or Redemption Price of any of the Bonds is not paid at maturity or at a Redemption Date at which the Bonds have been called for redemption; (b) Bonds subject to redemption by operation of Sinking Fund Installments shall not have been redeemed and paid in the amount required in the applicable Series Resolution on any date; (c) a default shall be made in the observance or performance of any covenant, contract or other provision in the Bonds, the Bond Resolution, or applicable Series Resolution contained and such default shall continue for a period of ninety (90) days after written notice to the Agency from a Bondholder or from the Trustee specifying such default and requiring the same to be remedied; or (d) certain acts of bankruptcy, insolvency or reorganization by the Agency.

Remedies

Upon the happening and continuance of an event of default, the Trustee may, and shall upon the request of the Holders of twenty-five percent (25%) in principal amount and Accreted Value of the Bonds then Outstanding affected by an event of default described in clause (a) or (b) of "Events of Default" above, or twenty-five percent (25%) in principal amount and Accreted Value of all Bonds then Outstanding if the event of default is one described in clauses (c) or (d) of "Events of Default" above, proceed to protect and enforce the rights of the Bondholders under the laws of the State of Minnesota or under the Bond Resolution. No Bondholder shall have the right to institute any proceedings for any remedy under the Bond Resolution unless the Trustee, after being so requested to institute such proceedings and offered satisfactory indemnity, shall have refused or neglected to comply with such request within a reasonable time and unless the proceeding is brought for the ratable benefit of all Holders of all Bonds. However, nothing in the Bond Resolution contained is intended to affect or impair the right of any Bondholder to enforce the payment of the principal or Accreted Value of and interest on his Bonds at the time and place expressed in the Bonds.

APPENDIX E

BOOK-ENTRY-ONLY SYSTEM

General

The Depository Trust Company, New York, New York ("DTC"), is to act as securities depository for the Series Bonds. The ownership of one fully registered Series Bond for each maturity of the Series Bonds in the aggregate principal amount of that maturity will be registered in the name of Cede & Co., DTC's partnership nominee. *So long as Cede & Co. or another nominee designated by DTC is the registered owner of the Series Bonds, references herein to the Bondholders, Holders or registered owners of Series Bonds will mean Cede & Co. or the other nominee and will not mean the Beneficial Owners (as hereinafter defined) of the Series Bonds.*

DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of beneficial ownership interests in the Series Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series Bonds on DTC's records. The ownership interest of each actual purchaser of each Series Bond (the "Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Series Bonds, except in the event that use of the Book-Entry System for the Series Bonds is discontinued as described below.

To facilitate subsequent transfers, all Series Bonds deposited by Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or anther name as may be requested by an authorized representative of DTC. The deposit of Series Bonds with DTC and their registration in the name of Cede & Co. or other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts the Series Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers. For every transfer and exchange of beneficial ownership in the Series Bonds, the Beneficial Owner may be charged a sum sufficient to cover any tax, fee or other governmental charge that may be imposed in relation thereto.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices will be sent to DTC. If less than all of the Series Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in the Series Bonds to be redeemed.

Neither DTC nor Cede & Co. (nor other DTC nominee) will consent or vote with respect to any Series Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the bond issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payment of the principal, redemption price, and interest on the Series Bonds will be made to Cede & Co., or another nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the bond issuer or trustee on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of the Participant and not of DTC, the Trustee or the Agency, subject to any statutory and regulatory requirements as may be in effect from time to time. Payment of principal, redemption price, and interest to Cede & Co. (or other nominee as may be requested by an authorized representative of DTC), is the responsibility of the Trustee, disbursement of payments to Direct Participants will be the responsibility of DTC, and disbursement of payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

Under the Resolutions, payments made by or on behalf of the Agency to DTC or its nominee satisfy the Agency's obligations to the extent of the payments so made.

The above information contained in this section "Book-Entry-Only System" is based solely on information provided by DTC. No representation is made by the Agency or the Underwriter as to the completeness or the accuracy of that information or as to the absence of material adverse changes in that information subsequent to the date hereof.

The Agency, the Underwriter and the Trustee cannot and do not give any assurances that DTC, the Direct Participants or the Indirect Participants will distribute to the Beneficial Owners of the Series Bonds (i) payments of principal of or interest and premium, if any, on the Series Bonds, (ii) certificates representing an ownership interest or other confirmation of beneficial ownership interest in Series Bonds, or (iii) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Series Bonds, or that they will do so on a timely basis, or that DTC, Direct Participants or Indirect Participants will serve and act in the manner described in this Official Statement. The current "Rules" applicable to DTC are on file with the Securities Exchange Commission, and the current "Procedures" of DTC to be followed in dealing with Direct Participants are on file with DTC.

Neither the Agency, the Underwriter nor the Trustee will have any responsibility or obligation to any Direct Participant, Indirect Participant or any Beneficial Owner or any other person with respect to: (1) the Series Bonds; (2) the accuracy of any records maintained by DTC or any Direct Participant or Indirect Participant; (3) the payment by DTC or any Direct Participant or Indirect Participant of any amount due to any Beneficial Owner in respect of the principal or redemption price of or interest on the Series Bonds; (4) the delivery by DTC or any Direct Participant or Indirect Participant of any notice to any Beneficial Owner that is required or permitted under the terms of the Resolutions to be given to Holders of Series Bonds; (5) the selection of the Beneficial Owners to receive payment in the event of any partial redemption of Series Bonds; or (6) any consent given or other action taken by DTC as a Bondholder.

Discontinuation of Book-Entry System

DTC may discontinue its book-entry services with respect to the Series Bonds at any time by giving notice to the Agency and discharging its responsibilities with respect thereto under applicable law. Under those circumstances, the Series Bonds are required to be delivered as described in the Resolutions. The Beneficial Owner, upon registration of Series Bonds held in the Beneficial Owner's name, will become the Bondholder.

The Agency may determine to discontinue the system of book entry transfers through DTC (or a successor securities depository) for the Series Bonds. In that event, the Series Bonds are to be delivered as described in the Resolutions.

APPENDIX F

FORM OF OPINION OF BOND COUNSEL

___________, 2021

Minnesota Housing Finance Agency
St. Paul, Minnesota 55102

Minnesota Housing Finance Agency
Rental Housing Bonds
2021 Series A

Ladies and Gentlemen:

We have acted as bond counsel to the Minnesota Housing Finance Agency (the "Agency") in connection with the authorization, issuance and delivery by the Agency of its Rental Housing Bonds, 2021 Series A, in the aggregate principal amount of $_______ (the "2021 Series A Bonds"), which are issuable only as fully registered bonds of single maturities in denominations of $5,000 or any integral multiple thereof.

The 2021 Series A Bonds are dated, mature on the date, bear interest at the rate and are payable as provided in the Series Resolution referenced below. The 2021 Series A Bonds are subject to optional and special redemption prior to maturity, including special redemption at par, as provided in the Series Resolution referenced below.

As bond counsel, we have examined certified copies of resolutions and proceedings of the Agency and other documents we considered necessary as the basis for this opinion, including the Agency's Bond Resolution adopted February 25, 1988, as amended and supplemented (the "Bond Resolution"), and the Series Resolution relating to the 2021 Series A Bonds adopted January 28, 2021 (the "Series Resolution"). As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

From such examination, and assuming continuing compliance by the Agency and the owner of the Development financed by the 2021 Series A Bonds with the covenants contained in the Bond Resolution, the Series Resolution and the loan documentation relating to the Development, it is our opinion that, under existing law as of the date hereof: (1) the Agency is a public body corporate and politic, having no taxing power, duly organized and existing under Minnesota Statutes, Chapter 462A, as amended; (2) the Bond Resolution and Series Resolution have been duly and validly adopted by the Agency and are valid and binding upon it in accordance with their terms, and create the valid pledge and security interest they purport to create with respect to the Mortgage Loans, Revenues, moneys, securities and other Funds held and to be set aside under the Bond Resolution and Series Resolution; (3) the 2021 Series A Bonds are duly and lawfully authorized to be issued and are valid and binding general obligations of the Agency in accordance with their terms, entitled to the benefits granted by and secured by the covenants contained in the Bond Resolution and Series Resolution, and are payable out of any of its moneys, assets or revenues, subject to the provisions of other resolutions or indentures now or hereafter pledging and appropriating particular moneys, assets, or revenues to other bonds or notes, and federal or state laws heretofore enacted appropriating particular funds for a specified purpose, but the State of Minnesota is not liable thereon and the 2021 Series A Bonds are not a debt of the State; (4) in the Bond Resolution the Agency has created a Debt Service Reserve Fund for the security of the 2021 Series A Bonds and other bonds issued or to be issued under the Bond Resolution, to be maintained in an amount specified therein, and has agreed to certify annually to the Governor the sum, if any, necessary to restore the Fund to this amount for inclusion in the next budget submitted to the

Legislature, and the Legislature is legally authorized, but is not legally obligated, to appropriate such amount to such Debt Service Reserve Fund; and (5) the interest payable on the 2021 Series A Bonds is not includable in gross income of owners thereof for federal income tax purposes or in taxable net income of individuals, trusts and estates for State of Minnesota income tax purposes, but such interest is includable in the income of corporations and financial institutions for purposes of the Minnesota franchise tax; provided, however, interest on any 2021 Series A Bond is not excluded from gross income for federal income tax purposes of any holder of such bonds who is a "substantial user" of a development financed by such 2021 Series A Bond or a "related person" thereto, as such terms are defined in Section 147(a) of the Internal Revenue Code of 1986, as amended (the "Code").

Interest on the 2021 Series A Bonds will not be treated as an item of tax preference in calculating the alternative minimum tax imposed under the Code with respect to individuals. Interest on the 2021 Series A Bonds will not be treated as an item of tax preference for purposes of calculating the Minnesota alternative minimum tax imposed on individuals, trusts and estates. We express no opinion regarding other federal, state or local tax consequences arising from the ownership or disposition of the 2021 Series A Bonds. All owners of 2021 Series A Bonds (including, but not limited to, insurance companies, financial institutions, Subchapter S corporations, United States branches of foreign corporations and recipients of social security and railroad retirement benefits) should consult their tax advisors concerning other possible indirect tax consequences of owning and disposing of the 2021 Series A Bonds.

Noncompliance by the Agency or the owner of the Development financed by the 2021 Series A Bonds with their covenants in the Bond Resolution, Series Resolution or applicable loan documentation relating to the Development may result in inclusion of interest in federal gross income and Minnesota taxable net income retroactive to the date of issuance of the 2021 Series A Bonds.

The opinions expressed above are qualified only to the extent that the enforceability of the 2021 Series A Bonds, the Bond Resolution and the Series Resolution may be subject to bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

Respectfully yours,

RESOLUTION NO. MHFA 21-005

RESOLUTION RELATING TO RENTAL HOUSING BONDS; AUTHORIZING THE ISSUANCE AND SALE THEREOF FOR A MULTIFAMILY HOUSING DEVELOPMENT IN MOORHEAD, MINNESOTA

BE IT RESOLVED BY THE MINNESOTA HOUSING FINANCE AGENCY:

Section 1. Background and Recitals. By Resolution No. MHFA 88-12, adopted February 25, 1988, as heretofore amended and supplemented (as so amended and supplemented and as from time to time hereafter amended or supplemented in accordance with its terms, the "Bond Resolution"), the Agency has provided the terms and conditions for the issuance and the covenants and agreements for the security of its Rental Housing Bonds to be issued for the purposes of its Program of making or purchasing Mortgage Loans to finance the acquisition, construction, rehabilitation and betterment of rental housing intended for occupancy primarily by persons of low and moderate income. It is now determined to be necessary and desirable to provide for the issuance of a series of Bonds pursuant to the Bond Resolution and Minnesota Statutes, Chapter 462A, as amended, to be used to finance one Mortgage Loan (the "Mortgage Loan") to a Mortgagor (the "Mortgagor") for the purposes of financing the acquisition and construction of the multifamily housing development (the "Development") described in Exhibit A hereto (which is hereby incorporated herein and made a part hereof). All terms defined in the Bond Resolution are used with like meaning in this resolution. This resolution is referred to herein as the "Series Resolution." The Mortgage Loan to the Mortgagor shall be evidenced by a Mortgage Note to be executed by the Mortgagor to the Agency and a Mortgage to be entered into between the Mortgagor and the Agency and certain other documents referred to in the Mortgage (collectively, the "Loan Documents").

Section 2. Authorization of Series Bonds.

(a) *Purpose*. To provide sufficient funds to be used and expended for the purposes set forth in Section 1, it is now determined to be necessary to issue one series of Bonds pursuant to the Bond Resolution, which is designated as "Rental Housing Bonds, 2021 Series," in the principal amount to be determined pursuant to Section 2(E) (the "Series Bonds"). The "2021" in the designation of the Bonds may be changed to "2022" and "Series" followed by an uppercase letter, each as an Authorized Officer of the Agency (as hereinafter defined) shall so designate. Proceeds of the Series Bonds are to be used:

(i) For the financing of the Mortgage Loan to the Mortgagor; and

(ii) Incident to this purpose, for the funding of the deposit of amounts determined by and pursuant to Section 303 of the Bond Resolution to be paid into the Funds and Accounts referred to in Sections 302 and 402 thereof.

(b) *Single Issue*. Pursuant to the provisions of Section 1.150-1(c)(1) of the Income Tax Regulations (the "Regulations"), the Agency may treat the Series Bonds, together with any other Bonds issued or to be issued pursuant to the Bond Resolution which may be sold by the Agency less than fifteen days apart from the date of sale of the Series Bonds, as a single issue of bonds. The Series Bonds and such other Bonds are herein collectively referred to as the "Issue."

(c) *Pledge*. The pledge made and security interests granted in the Bond Resolution and all covenants and agreements made by the Agency therein, are made and granted for the equal benefit, protection and security of the Holders of all of the Series Bonds and other Outstanding Bonds issued and to be issued thereunder, without preference, priority or distinction of one Bond over any other of any Series, except as otherwise expressly provided for therein.

(d) *Debt Service Reserve Requirements*. Upon issuance of the Series Bonds, the Debt Service Reserve Requirement for the Series Bonds shall be as established in the Officer's Certificate delivered by an Authorized Officer to the Trustee pursuant to Sections 5 and 6 of this Series Resolution.

(e) *Sale and Offering Documents*. The Agency hereby authorizes the issuance and sale of the Series Bonds for the purposes described in Section 2(a). It is acknowledged that the final terms of the Series Bonds have not been determined as of this date.

The Series Bonds may be offered for sale by negotiating for the sale of the Series Bonds to RBC Capital Markets, LLC, as underwriter (the "Underwriter") pursuant to a preliminary official statement and a bond purchase agreement.

The Agency has received and examined a draft of the form of a Preliminary Official Statement (the "Preliminary Official Statement"), containing information relating to the Agency, the Bond Resolution, the Series Resolution, the Development and the Series Bonds. Any of the Chair, the Commissioner, the Chief Financial Officer or the Finance Director (each an "Authorized Officer") is hereby authorized to finalize the Preliminary Official Statement and establish the date of sale of the Series Bonds.

Any Authorized Officer is hereby authorized to approve the final terms of the Series Bonds as follows, subject to the following parameters:

(i) the principal amount of the Series Bonds; provided that the principal amount of the Series Bonds is not in excess of $5,485,000;

(ii) the maturity date of the Series Bonds; provided that the Series Bonds mature at any time in such amount not later than 3 years from the Issue Date thereof;

(iii) the interest rate borne by the Series Bonds; provided that the interest rate on the Series Bonds shall not exceed 3.50%; and

(iv) the commission payable to the Underwriter of the Series Bonds; provided that the commission shall not exceed three percent of the principal amount of the Series Bonds.

Such approval shall be conclusively evidenced by the execution of a bond purchase agreement with the Underwriter (the "Purchaser") by such Authorized Officer. The terms of the Series Bonds, including the purchase price, shall be set forth in the Officer's Certificate delivered by an Authorized Officer pursuant to Section 5(c) hereof.

Following a negotiated sale of the Series Bonds to the Underwriter, preparation and distribution of an Official Statement, substantially in the form of the Preliminary Official Statement, except for revisions required or approved by counsel for the Agency, and insertion of the final terms of such Series Bonds, is approved and the final Official Statement is authorized to be signed by the Chair or the Commissioner, and furnished to the Underwriter in a reasonable quantity for distribution to investors.

The Agency has received and examined a draft of the form of the bond purchase agreement (the "Bond Purchase Agreement"). An Authorized Officer is authorized to execute and deliver in the name and on behalf of the Agency the Bond Purchase Agreement with the Purchaser reflecting the terms of sale authorized pursuant to this Section 2(e).

(f) *Approval of Continuing Disclosure Undertaking*. The Agency has also examined the form of a Continuing Disclosure Undertaking relating to the Series Bonds, wherein the Agency will covenant for the benefit of the beneficial owners of the Series Bonds to provide annually certain financial information and operating data relating to the Agency and to provide notices of the occurrence of certain enumerated events. The Continuing Disclosure Undertaking is approved substantially in the form submitted and is authorized to be signed on behalf of the Agency by an Authorized Officer.

Section 3. Forms.

(a) *Generally*. The Series Bonds shall be issuable only in the form of fully registered Bonds, subject to transfer, re-registration and exchange as provided in Article VI of the Bond Resolution. The Series Bonds shall be numbered serially and no Series Bonds, whether issued initially or upon re-registration, transfer or exchange, shall bear the same number as any other Series Bond of the same series which is contemporaneously outstanding.

(b) *Form of Series Bonds*. The Series Bonds shall be in substantially the form of Exhibit B hereto (which is hereby incorporated herein and made a part hereof), with such additions, deletions or modifications as are permitted or required by the Bond Resolution or this Series Resolution, including but not limited to changes required as a result of the sale of the Series Bonds in accordance with Section 2(e) and the spacing and rearrangement of the text to facilitate machine entry of data upon registration, transfer and exchange.

Section 4. Terms of Series Bonds.

(a) *Issue Date, Denominations and Interest Payment Dates*. The Issue Date of the Series Bonds shall be the date of original delivery of the Series Bonds or such other date as shall be approved by an Authorized Officer and as set forth in the Officer's Certificate delivered by an Authorized Officer pursuant to Section 5(c) hereof. The Series Bonds shall be issued in denominations of $5,000 principal amount or any integral multiple thereof, not exceeding the principal amount maturing on any maturity date. Interest on the Series Bonds shall be payable each February 1 and August 1, commencing August 1, 2021, or a subsequent February 1 or August 1 as set forth in the Official Statement of the Agency furnished to the Underwriter pursuant to Section 2(e) of this Series Resolution or the Officer's Certificate delivered by an Authorized Officer pursuant to Section 5(c) hereof, as the case may be.

(b) *Maturities, Interest Rates and Redemption*. The Series Bonds shall mature on the date or dates and in the principal amounts, shall bear interest at the rate or rates per annum, and shall be subject to redemption as set forth in the Official Statement of the Agency furnished to the Underwriter pursuant to Section 2(e) of this Series Resolution or in the Officer's Certificate delivered by an Authorized Officer pursuant to Section 5(c) hereof, as the case may be, all subject to the limitations in Section 2(e).

(c) *Procedure for Redemption*. All actions taken by the Agency and the Trustee in the redemption of Series Bonds shall conform to the provisions of Article VII of the Bond Resolution, save and except as otherwise expressly provided in this paragraph. Upon selection of a Series Bond or Bonds or portions thereof to be redeemed, the Trustee shall give notice, in the name of the Agency, of the redemption of such Bonds, which notice shall contain the information required by Section 702 of the Bond Resolution. The Trustee shall mail such notice, postage prepaid, not less than thirty (30) days before the redemption date, to the registered Holder of any Series Bond all or a portion of which is to be redeemed, at the Holder's last address appearing on the registry books as of the Record Date. Notice having been so mailed, the Series Bond or Bonds or portion thereof therein specified shall be due and payable at the specified redemption date and price, with accrued interest, and funds for such payment being held by or on behalf of the Trustee so as to be available therefor, interest thereon shall cease to accrue, and such Series Bonds or portions thereof shall no longer be considered Outstanding under the Bond Resolution.

(d) *Trustee*. The principal amount of and interest and any redemption premium on the Series Bonds shall be payable in lawful money of the United States by check drawn to the order of the registered owner, or other agreed means of payment, by Wells Fargo Bank, National Association, in Minneapolis, Minnesota, the Trustee and Paying Agent under the Bond Resolution, or its successor, and shall be payable to the registered owner as shown on the registry books as of the Record Date. The principal amount of and any redemption premium on a Series Bond shall be payable only upon surrender of the Series Bond at the Principal Office of the Trustee (subject to the provisions of Section 607 of the Bond Resolution in the case of Bonds which are mutilated, destroyed, stolen or lost), except as otherwise provided in Section 5(b) herein.

(e) *Record Date*. For purposes of this Series Resolution, where the Trustee is required to establish a Record Date hereunder, said Record Date for (i) payment of principal of and interest on the Series Bonds shall be the fifteenth (15th) day (whether or not a business day) of the month immediately preceding the payment date and (ii) for purposes of giving notice of redemption or other notice pursuant to the provisions of the Bond Resolution or Series Resolution, the last business day of the month preceding the month in which such notice is mailed.

Section 5. Issuance and Delivery.

(a) *Preparation and Execution*. The Series Bonds shall be prepared in substantially the form incorporated herein, in denominations requested by the Purchaser, and shall be executed in the manner provided in Article VI of the Bond Resolution, by the facsimile signatures of the Chairman and Commissioner of the Agency and shall be authenticated by the Trustee by manual signature of an authorized representative and shall be delivered to the Purchaser after compliance with the conditions set forth in this Section and upon deposit of the proceeds with the Trustee.

(b) *Securities Depository*.

(i) For purposes of this section the following terms shall have the following meanings:

"Beneficial Owner" shall mean, whenever used with respect to a Series Bond, the person in whose name such Series Bond is recorded as the beneficial owner of such Series Bond by a Participant on the records of such Participant, or such person's subrogee.

"Cede & Co." shall mean Cede & Co., the nominee of DTC, and any successor nominee of DTC with respect to the Series Bonds.

"Participant" shall mean any broker-dealer, bank or other financial institution for which DTC holds Series Bonds as securities depository.

(ii) The Series Bonds shall be initially issued as separately authenticated fully registered bonds, and one Series Bond shall be issued in the principal amount of each stated maturity of the Series Bonds. Upon initial issuance, the ownership of the Series Bonds shall be registered in the bond register in the name of Cede & Co., as nominee of DTC. The Trustee and the Agency may treat DTC (or its nominee) as the sole and exclusive owner of the Series Bonds registered in its name for the purposes of payment of the principal of, premium, if any, and interest on the Series Bonds, selecting the Series Bonds or portions thereof to be redeemed, if any, giving any notice permitted or required to be given to registered owners of Series Bonds under the Bond Resolution or this Series Resolution, registering the transfer of Series Bonds, and for all other purposes whatsoever, and neither the Trustee nor the Agency shall be affected by any notice to the contrary. Neither the Trustee nor the Agency shall have any responsibility or obligation to any Participant, any person or entity claiming a beneficial ownership interest in the Series Bonds under or through DTC or any Participant, or any other person or entity which is not shown on the bond register as being a registered owner of any Series Bonds, with respect to the accuracy of any records maintained by DTC or any Participant, with respect to the payment by DTC or any Participant of any amount with respect to the principal of, premium, if any, and interest on the Series Bonds, with respect to any notice which is permitted or required to be given to owners of Series Bonds under the Bond Resolution or this Series Resolution, with respect to the selection by DTC or any Participant of any person or entity to receive payment in the event of a partial redemption of the Series Bonds, or with respect to any consent given or other action taken by DTC as registered owner of the Series Bonds. So long as any Series Bond is registered in the name of Cede & Co., as nominee of DTC, the Trustee shall pay all principal of, premium, if any, and interest on such Series Bond, and shall give all notices with respect to such Series Bond, only to Cede & Co. in accordance with DTC's Operational Arrangements, and all such payments shall be valid and effective to fully satisfy and discharge the Agency's obligations with respect to the principal of, premium, if any, and interest on the Series Bonds to the extent of the sum or sums so paid. Upon delivery by DTC to the Trustee of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., the Series Bonds will be transferable to such new nominee in accordance with subsection (4) hereof.

(iii) In the event the Agency determines to discontinue the book-entry-only system through DTC with respect to the Series Bonds, the Agency may notify DTC and the Trustee, whereupon DTC shall notify the Participants of the availability through DTC of Series Bonds in the form of certificates. In such event, the Series Bonds will be transferable in accordance with subsection (iv) hereof. DTC may determine to discontinue providing its services with respect to the Series Bonds at any time by giving notice to the Agency and the Trustee and discharging its responsibilities with respect thereto under applicable law. In such event, the Series Bonds will be transferable in accordance with subsection (iv) hereof.

(iv) In the event that any transfer or exchange of Series Bonds is permitted under subsection (ii) or (iii) hereof, such transfer or exchange shall be accomplished upon receipt by the Trustee of the Series Bonds to be transferred or exchanged and appropriate instruments of transfer to the permitted transferee in accordance with the provisions of the Bond Resolution and this Series Resolution. In the event Series Bonds in the form of certificates are issued to registered owners other than Cede & Co., its successor as nominee for DTC as registered owner of all the Series Bonds, or another securities depository as registered owner of all the Series Bonds, the provisions of the Bond Resolution and this Series Resolution shall also apply to all matters relating thereto, including, without limitation, the printing of such Series Bonds in the form of bond certificates and the method of payment of principal of, redemption premium, if any, and interest on such Series Bonds.

(c) *Opinion and Officer's Certification*. The Trustee has been furnished a copy of the Bond Resolution. Before delivery of the Series Bonds, the Agency shall furnish to the Trustee a certified copy of this Series Resolution, together with an Opinion of Counsel to the Agency and an Officer's Certificate executed by an Authorized Officer, in form and substance as required in Section 203 of the Bond Resolution and Sections 2(e), 4(a), 4(b) and 6 of this Series Resolution, and shall obtain from the Trustee the certification required in Section 203(C) of the Bond Resolution.

Section 6. Application of Proceeds; Funds and Accounts. Proceeds of the Series Bonds, and funds of the Agency, if required, shall be deposited to accounts in the Bond Fund relating to such Series Bonds, and to the Cost of Issuance Account and Project Account relating to such Series Bonds, or used to reimburse the Agency for funds it advances pursuant to Section 11, all as set forth in the Officer's Certificate delivered by an Authorized Officer pursuant to Section 5(c) of this Series Resolution.

Section 7. General Tax Covenant. The Agency will not take, or permit or cause to be taken, any action that would adversely affect the exclusion from federal gross income of the interest on any Series Bonds, nor otherwise omit to take or cause to be taken any action necessary to maintain such exclusion from gross income and, if it should take or permit, or omit to take or cause to be taken, as appropriate, any such action, the Agency shall take all lawful actions necessary to rescind or correct such actions or omissions promptly upon having knowledge thereof.

Section 8. Specific Tax Covenants relating to the Development. In fulfillment of the general covenant set forth in Section 7, the Agency represents as follows:

(a) The Development financed will be acquired and constructed for the purpose of providing multifamily residential rental property and will constitute a "qualified residential rental project," as such phrase is used in Sections 142(a)(7) and 142(d) of the Code.

(b) At least forty percent (40%) of the completed units in the Development shall be occupied (or treated as occupied) by Qualifying Tenants. "Qualifying Tenants" shall mean those persons and families (treating all occupants of a unit as a single family) who shall be determined from time to time by the Mortgagor to be eligible as "individuals whose income is sixty percent (60%) or less of area median gross income" within the meaning of Section 142(d)(2)(B) of the Code. The term of the foregoing restrictions shall commence on the date of issuance of the Series Bonds and shall end on the latest of the following: (i) the date which is 15 years after the date on which at least 50% of the units in the Development were first occupied; or (ii) the first day on which none of the Series Bonds are Outstanding; or (iii) the termination date of any Housing Assistance Payments Contract relating to the Development under Section 8 of the United States Housing Act of 1937, including the initial term and any renewal thereof.

(c) Each unit in the Development will be rented or available for rental to members of the general public on a continuous basis for the longer of (i) the period during which any of the Series Bonds remain Outstanding or (ii) the term of the restrictions set forth in subsection (a) of this Section 8.

(d) At no time will either the Mortgagor or any related party be permitted to occupy a unit in the Development other than units occupied or to be occupied by agents, employees or representatives of the Mortgagor and reasonably required for the proper maintenance or management of the Development. In the event a unit within the Development is occupied by the Mortgagor, the Development will include no fewer than four units not occupied by the Mortgagor.

(e) The Development consists of a single "development" and, for this purpose, proximate buildings or structures are part of the same development only if owned for federal income tax purposes by the same person or entity and if the buildings are financed pursuant to a common plan; buildings or structures are proximate if they are all located on a single parcel of land or several parcels of land which are contiguous except for the interposition of a road, street, stream or similar property.

(f) None of the units in the Development will at any time be utilized on a transient basis, or used as a hotel, motel, dormitory, fraternity house, sorority house, rooming house, hospital, sanitarium or rest home.

(g) The Mortgagor shall not restrict Qualifying Tenants (as defined in the Loan Documents) from the enjoyment of unrestricted access to all common facilities and common areas of the Development.

(h) The Mortgagor shall not discriminate on the basis of race, creed, color, sex, or national origin in the lease, use or occupancy of the Development or in connection with the employment or application for employment of persons for the operation and management of the Development.

(i) No portion of the Development is presently used for purposes other than residential rental purposes and the Agency will not permit any other use unless it first obtains an opinion of bond counsel that such use will not impair the exclusion from federal gross income for interest payable on the Series Bonds.

Section 9. Additional Federal Tax Covenants Relating to the Development Financed and the Series Bonds. In furtherance of the general tax covenant made in Section 7 above, the Agency further represents as follows:

(a) All proceeds of the Series Bonds lent to the Mortgagor will be used to finance costs properly chargeable to the capital account of the Development within the meaning of Section 142(d) and functionally related and subordinate property thereto.

(b) No portion of the proceeds of the Series Bonds lent to the Mortgagor will be used to provide any airplane, skybox, or other private luxury box, health club facility, facility primarily used for gambling or liquor store.

(c) No portion of the proceeds of the Series Bonds lent to the Mortgagor will be used to acquire (i) property to be leased to the government of the United States of America or to any department, agency or instrumentality of the government of the United States of America, (ii) any property not part of the Development, or (iii) any private or commercial golf course, country club, massage parlor, tennis club, skating facility (including roller skating, skateboard and ice-skating), racquet sports facility (including any handball or racquetball court), hot tub facility, suntan facility or racetrack.

(d) No portion of the proceeds of the Series Bonds lent to the Mortgagor shall be used for the acquisition of land (or an interest therein) to be used for farming purposes, and less than twenty-five percent (25%) of the proceeds of the Series Bonds lent to the Mortgagor shall be used for the acquisition of land to be used for purposes other than farming purposes.

(e) [Reserved].

(f) The average reasonably expected economic life of the Development within the meaning of Section 147(b) of the Code is not less than 25 years.

(g) In order to qualify the Mortgage Note and Mortgage received from the Mortgagor as "program investments" within the meaning of Section 1.148-1(b) of the Treasury Regulations, the Agency will not permit the Mortgagor (or any "related person" thereto within the meaning of Section 147(a) of the Code) to take any action the effect of which would be to disqualify the Mortgage Note and Mortgage as part of a "program" under said Section 1.148-1(b), including, but not limited to, entering into any arrangement, formal or informal, with the Mortgagor or any related party to purchase bonds or notes of the Agency in an amount related to the amount of the Mortgage Note and Mortgage.

(h) In accordance with the requirements of Section 147(f) of the Code, the Agency has held a public hearing on the issuance of the Series Bonds after published notice as required by the Regulations and will obtain the approval of the Governor of the State for the issuance of the Series Bonds.

(i) Not more than 2% of the proceeds of the Series Bonds will be applied to the payment of Costs of Issuance, and all Costs of Issuance in excess of that amount, if any, will be paid by the Agency from funds other than proceeds of the Series Bonds.

(j) No obligations the interest on which is excludable from gross income for federal income tax purposes have been or will be issued which were sold at substantially the same time as the Issue, sold pursuant to the same plan of financing as the Issue and which are reasonably expected to be paid from substantially the same source of funds as the Issue.

(k) The Series Bonds will not be hedge bonds since the Agency reasonably expects to use at least 85% of the spendable proceeds of the Issue to make or purchase Mortgage Loan within three years after the date of issue of the Issue and not more than

50% of the proceeds of the Issue will be invested in nonpurpose investments having a substantially guaranteed yield for four years or more.

(l) The Series Bonds shall be counted against the unused volume cap of the Agency under the provisions of Section 146 of the Code and applicable state law for calendar year 2021. The Agency has unused volume cap in excess of the amount of the Series Bonds and shall take all necessary action to allocate the required portion of its unused volume cap to the Series Bonds.

(m) None of the proceeds of the Series Bonds will be used by the Agency to reimburse itself or a Mortgagor for any expenditure with respect to the Development which the Agency or the Mortgagor paid or will have paid more than 60 days prior to the issuance of the Series Bonds unless, with respect to such prior expenditures, the Agency shall have made a declaration of official intent which complies with the provisions of Section 1.150-2 of the Regulations; provided that this certification shall not apply (i) with respect to certain de minimis expenditures, if any, with respect to the Development meeting the requirements of Section 1.150-2(f)(1) of the Regulations, or (ii) with respect to "preliminary expenditures" for the Development as defined in Section 1.150-2(f)(2) of the Regulations, including engineering or architectural expenses and similar preparatory expenses, which in the aggregate do not exceed 20% of the "issue price" of the Series Bonds.

Section 10. Arbitrage. The Agency covenants that it will not use the proceeds of the Series Bonds in such a manner as to cause the Series Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code and applicable Treasury Regulations. The Agency will take all actions as may be prescribed in the future by regulations or rulings of the Internal Revenue Service to assure that the Series Bonds will meet the requirements of Section 148 of the Code relating to arbitrage, to-wit:

(a) The effective rate of interest on the Mortgage Loan purchased in whole or in part from the proceeds of the Series Bonds may not exceed the yield on the Issue, computed in accordance with Section 148 of the Code, by more than one and one-half percentage points.

(b) The Agency acknowledges that the Series Bonds are subject to the rebate requirements of Section 148(f) of the Code and applicable Regulations. The Agency agrees that it will retain such records, make such determinations, file such reports and documents and pay such amounts at such times as required under Section 148(f) of the Code and applicable Regulations to preserve the exclusion of interest on the Series Bonds from gross income for federal income tax purposes.

Section 11. Advance of Agency Funds. If the Mortgage Loan must be made before proceeds of the Series Bonds are available therefor, Agency funds legally available therefor shall be advanced by the Agency to fund the Mortgage Loan in anticipation of the issuance of the Series Bonds, and proceeds of the Series Bonds shall be used, to the extent required, to reimburse the Agency funds or accounts from which such advance was made.

Section 12. Discretion of Authorized Officer. Notwithstanding anything contained in the foregoing sections of this Series Resolution, if an Authorized Officer, upon consultation with the Chair and upon the advice of bond counsel or counsel to the Agency, determines that it is not in the best interests of the Agency to issue and sell the Series Bonds or any portion thereof (subject to any applicable provisions of any bond purchase agreement theretofore executed or the terms and conditions of the public sale of the Series Bonds following the award thereof), then such Series Bonds shall not be issued or sold in accordance with this Series Resolution.

[Remainder of page intentionally left blank]

Adopted by the Minnesota Housing Finance Agency this 28th day of January, 2021.

By: ______________________________
Chairman

Attest: ______________________________
Commissioner

[Signature page to Resolution No. MHFA 21-005]

EXHIBIT A

DESCRIPTION OF MORTGAGOR AND DEVELOPMENT

Mortgagor	Name	Location	Number of Units
North Moorhead Village, LLC	North Moorhead Village	Moorhead, MN	46

EXHIBIT B

FORM OF SERIES BONDS

No.____ $______

UNITED STATES OF AMERICA - STATE OF MINNESOTA

MINNESOTA HOUSING FINANCE AGENCY

RENTAL HOUSING BOND
[2021] SERIES __

Interest Rate	Maturity	Date of Original Issue	CUSIP

The Minnesota Housing Finance Agency, a public body corporate and politic organized and existing under the provisions of Minnesota Statutes, Chapter 462A, as amended, for value received promises to pay to

CEDE & CO.

or registered assigns, the principal sum of __________________________________ DOLLARS

on the maturity date specified above, with interest thereon from the date hereof at the annual rate specified above (computed on the basis of a 360-day year composed of twelve 30-day months), payable on February 1 and August 1 in each year, commencing ____________, until said principal amount is paid, subject to the provisions referred to herein with respect to the redemption of principal before maturity. The interest hereon and, upon presentation and surrender hereof, the principal and any redemption premium with respect to this Series Bond are payable in lawful money of the United States of America by check or draft, or other agreed means of payment, to the order of the registered owner hereof as shown on the registry books of the Trustee as of the Record Date by Wells Fargo Bank, National Association, in Minneapolis, Minnesota, Trustee under the Bond Resolution referred to below, or its successor. For the prompt and full payment thereof when due the full faith and credit of the Agency are irrevocably pledged. This Series Bond is a general obligation of the Agency, payable out of any of its moneys, assets or revenues, subject to the provisions of resolutions or indentures now or hereafter pledging particular moneys, assets or revenues to particular notes or bonds, and state laws heretofore or hereafter enacted appropriating particular funds for a specified purpose. The Agency has no taxing power. The State of Minnesota is not liable hereon, and this Series Bond is not a debt of the State.

This Series Bond is one of a duly authorized series of Rental Housing Bonds, [2021] Series __, issued in the original aggregate principal amount of $____________ (the “Series Bonds”), to provide funds needed to finance the acquisition and construction of a multifamily housing development in Moorhead, Minnesota (the "Development"). The Series Bonds are issued under and pursuant to the Agency's Bond Resolution, No. MHFA 88-12, dated February 25, 1988, as amended and supplemented, and its Series Resolution, No. MHFA 21-005], adopted January 28, 2021, to which resolutions, including all supplemental resolutions adopted pursuant to the provisions thereof, reference is made for a description of the revenues, money, securities, funds and accounts pledged to the Trustee for the security of the Holders of the Bonds, including the Series Bonds, the respective rights thereunder of the Agency, the Trustee and other fiduciaries and the Holders of the Bonds, including the Series Bonds, and the terms upon which the Bonds, including the Series Bonds, are issued, delivered and secured.

The Series Bonds are issuable only in fully registered form and comprise current interest bonds of a single stated maturity. The Series Bonds are issued in denominations of $5,000 principal amount or integral multiples thereof not exceeding the principal amount maturing in any year.

The Series Bonds are subject to special redemption at the option of the Agency, in whole or in part, on any date, at a price equal to the principal amount thereof, plus accrued interest to the date of redemption, without premium, (i) from unexpended proceeds of the Series Bonds not used to finance the Development, together with allocable amounts on deposit in the Debt Service Reserve Fund, if any; or (ii) from Recovery Payments (as defined in Section 103 of the Bond Resolution) relating to the Development allocable to the Series Bonds. If said Recovery Payments allocable to the Series Bonds are not sufficient to redeem all Outstanding Series Bonds, the Agency may apply other funds to the special redemption of the Series Bonds in addition to the allocable amount of Recovery Payments.

The Series Bonds are subject to redemption at the option of the Agency, in whole or in part, on any date on or after ___________, at a redemption price equal to the principal amount thereof plus accrued interest to the date of redemption, without premium.

Upon any redemption of the Series Bonds or portions thereof, the Trustee will select them in a manner specified by the Agency. Upon partial redemption of the Series Bonds, a new Series Bond will be delivered to the Holder without charge, representing the remaining principal amount outstanding.

Notice of any redemption of Series Bonds will be mailed to the registered Holders of the Series Bonds (or portions thereof) to be redeemed, at their last addresses on the registry books as of the Record Date, not less than thirty (30) days before the redemption date, stating (i) the principal amount to be redeemed, (ii) the maturities of the Series Bonds to be redeemed, (iii) that on the redemption date the redemption price of the Series Bonds or portions thereof to be redeemed will be payable, with accrued interest, and (iv) that thereafter interest will cease to accrue or be payable thereon. No failure to give such notice or defect in the notice shall affect the validity of the proceedings for the redemption of Series Bonds not affected by such failure or defect. Notice having been so mailed, the Series Bonds or portions of Series Bonds therein specified shall be due and payable at the specified redemption date and price, with accrued interest, and funds for such payment being held by or on behalf of the Trustee so as to be available therefor, interest thereon shall cease to accrue, and such Series Bonds or portions thereof shall no longer be considered Outstanding under the Bond Resolution.

The Agency has issued Bonds and the Bond Resolution also authorizes additional Series of Bonds to be issued and secured by the pledge made and security interest granted therein, all of which, regardless of the times of issue or maturity, will be of equal rank with Outstanding Bonds without preference, priority or distinction of any Bond of any series over any other except as expressly provided or permitted in the Bond Resolution, subject to conditions specified in the Bond Resolution, including conditions (a) that after each such issuance there will be scheduled payments of principal and interest on Mortgage Loans then held by the Agency or to be made or purchased by the Agency from the proceeds of such Series of Bonds (or from the proceeds of notes paid or to be paid from the proceeds of the Bonds) which, with any other legally enforceable payments with respect to such Mortgage Loans, and with interest or other income estimated by the Agency to be derived from the investment or deposit of money available therefor in all funds and accounts created by the Bond Resolution, will be sufficient to pay the principal installments of and interest on the Bonds then Outstanding and the additional Series of Bonds; and (b) that the balance in the Debt Service Reserve Fund immediately prior to the issuance of such Bonds is not less than the Debt Service Reserve Requirement computed with reference to the Outstanding Bonds (except Outstanding Bonds which are to be refunded by such additional Bonds) and shall be increased, if necessary, by the deposit of Bond proceeds or other funds to the Debt Service Reserve Requirement effective after the issuance of the Bonds, as computed by the Trustee.

The Bond Resolution permits, with certain exceptions, the modification or amendment thereof and of the rights and obligations of the Agency and of the Holders of the Bonds thereunder, by a supplemental bond resolution adopted with the written consent, filed with the Trustee, of the Holders of at least a majority in principal amount of the Bonds Outstanding at the time the consent is given. Any such resolution shall be binding upon the Agency and all fiduciaries and Holders of Bonds at the expiration of thirty days after filing with the Trustee of proof of mailing of notice that the required consent has been given. Supplemental resolutions may also be adopted, effective immediately, for the purpose of adding restrictions on or covenants by or surrendering privileges of the Agency, authorizing additional Bonds, or making provisions affecting only Bonds not yet issued, and may also be adopted, effective upon consent of the Trustee, for the purpose of curing or correcting an ambiguity, omission, defect or inconsistency, or inserting provisions not inconsistent with the Bond Resolution, clarifying matters or questions arising under it. Every Holder hereof is deemed by purchase and retention of this Series Bond to consent to be bound by every supplemental resolution and every modification and amendment adopted in accordance with the provisions of the Bond Resolution, whether or not noted or endorsed hereon or incorporated herein.

No Holder of any Bond may institute any suit, action or proceeding in equity or at law for the enforcement of any provision of the Bond Resolution or for the execution of any trust thereunder or for any other remedy thereunder except upon the conditions therein provided, but nothing therein shall affect or impair the right of any Bondholder to enforce the payment of the principal of and interest on each Bond, or the obligation of the Agency to pay the same at the time and place expressed in the Bond.

IT IS CERTIFIED AND RECITED that all acts, conditions and things required by the Constitution and laws of the State of Minnesota to exist, to happen and to be performed precedent to and in the issuance of this Series Bond in order to make it a valid and binding general obligation of the Agency in accordance with its terms do exist, have happened and have been performed in due form, time and manner as so required; and that the issuance of this Series Bond does not cause the indebtedness of the Agency to exceed any constitutional or statutory limitation.

As provided in the Bond Resolution and subject to certain limitations set forth therein, this Series Bond is transferable upon the books of the Minnesota Housing Finance Agency at the designated corporate trust office of Wells Fargo Bank, National Association, in Minneapolis, Minnesota, the Trustee thereunder, by the registered owner hereof in person or by the owner's attorney duly authorized in writing, upon surrender hereof together with a written instrument of transfer satisfactory to the Trustee, duly executed by the registered owner or the owner's duly authorized attorney. Upon such transfer the Agency will issue in the name of the transferee a new Series Bond or Bonds of the same aggregate principal amount, Series, interest rate and maturity as the surrendered Series Bond, subject to reimbursement for any tax, fee or governmental charge required to be paid by the Agency or the Trustee with respect to such transfer.

The Agency and the Trustee under the Bond Resolution may deem and treat the person in whose name this Series Bond is registered upon the books of the Agency as the absolute owner hereof, whether this Series Bond is overdue or not, for the purpose of receiving payment of or on account of the principal, redemption price or interest and for all other purposes, and all such payments so made to the registered owner or upon the owner's order shall be valid and effectual to satisfy and discharge the liability upon this Series Bond to the extent of the sum or sums so paid, and neither the Agency nor the Trustee shall be affected by any notice to the contrary.

Notwithstanding any other provisions of this Series Bond, so long as this Series Bond is registered in the name of Cede & Co., as nominee of The Depository Trust Company, or in the name of any other nominee of The Depository Trust Company or other securities depository, the Trustee shall pay all principal of, premium, if any, and interest on this Series Bond, and shall give all notices with respect to this Series Bond, only to Cede & Co. or other nominee in accordance with the operational arrangements of The Depository Trust Company or other securities depository as agreed to by the Agency.

[Remainder of page intentionally left blank]

Unless the Trustee's Certificate hereon has been manually executed by or on behalf of the Trustee, this Series Bond shall not be entitled to any benefit under the Bond and Series Resolutions or be valid or obligatory for any purpose.

IN WITNESS WHEREOF, the Agency has caused this Series Bond to be executed by the facsimile signatures of its Chairman and Commissioner, the Agency having no corporate seal, and has caused this Series Bond to be dated as of the date set forth below.

Date of Authentication: ________________

Trustee's Certificate

This is one of the Series Bonds delivered pursuant to the Bond and Series Resolution mentioned within.

WELLS FARGO BANK, NATIONAL ASSOCIATION, Minneapolis, Minnesota, as trustee

By:________________________________
Authorized Representative

MINNESOTA HOUSING FINANCE AGENCY

By: ________________________________
Chairman (Facsimile Signature)

Attest: ________________________________
Commissioner (Facsimile Signature)

____

ASSIGNMENT

For value received, the undersigned hereby sells, assigns and transfers unto

____

(please print or type name and address of transferee)

the within Bond and all rights thereunder and does hereby irrevocably constitute and appoint ____________________________ attorney to transfer the within Bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated:______________________________

____

NOTICE: The assignor's signature to this assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration or enlargement or any change whatsoever

Signature Guaranteed:______________________________________

Signature(s) must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Trustee, which requirements include membership or participation in STAMP or such other "signature guaranty program" as may be determined by the Trustee in addition to or in substitution for STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

Please insert social security or other identifying number of assignee:

____

MINNESOTA HOUSING

Board Agenda Item: 7.E
Date: 1/28/2021

Item: COVID-19 Emergency Rental Assistance

Staff Contact(s):

Rachel Robinson, 651.297.3125, rachel.robinson@state.mn.us
Jessica Deegan, 651.297.3120, jessica.deegan@state.mn.us

Request Type:

☒ Approval	☐ No Action Needed
☒ Motion	☐ Discussion
☐ Resolution	☐ Information

Summary of Request:

Staff seeks approval from the Board to establish the COVID-19 Emergency Rental Assistance (CERA) program. The Emergency Rental Assistance program will be funded by federal appropriations and will provide resources to assist households that are unable to pay rent and utilities due to the COVID-19 pandemic.

Fiscal Impact:

The program is expected to be funded by $289.4 million of federal funds allocated directly to the agency for emergency rental assistance.

Meeting Agency Priorities:

- ☐ Improve the Housing System
- ☒ Preserve and Create Housing Opportunities
- ☐ Make Homeownership More Accessible
- ☒ Support People Needing Services
- ☒ Strengthen Communities

Attachment(s):

- Background

Background

On December 27, 2020, the Consolidated Appropriations Act of 2021 was signed into federal law and included $25 billion for states, territories and localities, and $800 million for tribal communities, to provide assistance to renter households that have experienced or are at risk of financial hardship due to the COVID-19 pandemic.

Minnesota's total initial allocation is $375,152,158.50, 55% of which is to be allocated directly to the State of Minnesota and 45% to local jurisdictions with populations above 200,000. These local jurisdictions include the cities of Minneapolis and Saint Paul and the counties of Anoka, Dakota, Hennepin, Ramsey and Washington. In addition, tribal nations were also eligible to certify for funding, separate from the total Minnesota allocation.

On January 12, 2021, Minnesota Housing certified to accept the full State of Minnesota share, and the local jurisdictions have all also certified to receive funds directly from Treasury.

Staff seek approval to establish the COVID-19 Emergency Rental Assistance program (CERA). Minnesota Housing will follow the specific requirements in the federal law and will not further target or limit the resources.

Program Summary

Eligible Activities	• At least 90 percent of funds must be used for rent, utilities and home energy costs (both arrears and prospective) or other expenses related to housing incurred due to the pandemic. • Up to 10 percent of funds may be used for administrative expenses or housing stability services as defined by the Treasury secretary.
Eligible Recipients	• Renter households with incomes no more than 80 percent of Area Median Income and have experienced financial hardship through the coronavirus outbreak and can demonstrate a risk of experiencing homelessness or housing instability. • In addition, grantees must prioritize households with incomes no more than 50 percent of Area Median Income and to households where an individual has been unemployed for 90 days.
Payment	• Grantees must make payments directly to a lessor or utility/home energy provider on behalf of the eligible household unless the lessor or utility/home energy provider does not agree to accept the payment, in which case the grantee may make payments directly to the eligible household. • Landlords can apply on behalf of tenants with their consent.
Time Limitation	• Future payments may only be paid for three months at a time. Payments, including arrearages and future payments may not exceed 12 months, however a grantee may provide assistance for up to 15 months, if necessary to maintain housing stability.

Use of Funds Timelines	• The Treasury Department may recapture any funds not obligated by grantees as of September 30, 2021 and reallocate to grantees who have obligated at least 65 percent of original grant at that time. Remaining funds will be available until December 31, 2021 with potential for a 90 day extension.

Program Administration

Minnesota Housing will add two new, temporary staff positions to facilitate the program, one program manager and one support position. The new staff will manage the day to day of the program, oversee all contractors, and help the Agency navigate compliance with reporting and deadlines set by Treasury.

Minnesota Housing is exploring utilizing a centralized intake process for the program that works for tenants applying directly and landlords applying on behalf of tenants. Minnesota Housing also expects to establish an online application system. In addition, in order to ensure the program reaches disparately impacted populations, the agency intends to establish a network of locally connected organizations.

Minnesota Housing intends to procure one or more contractors to perform centralized services in the following areas:

- Localized outreach, marketing, and navigational services for households in need of assistance accessing and completing applications.
- “One-stop” intake including the option to call for assistance that links directly to the online application.
- A technology platform designed specifically to integrate with the other program components and interface with tenants and landlords applying for assistance.
- Application processing and payment including review, clarification of applications, and payments.

Minnesota Housing intends to utilize the entire 10% administrative allowance in its grant to cover the cost of staff and contractors required to administer the program.

Minnesota Housing’s program is expected to serve the full state. The agency is coordinating with local administrators and Tribal entities to determine if it is feasible to establish common platforms for intake to streamline access and avoid confusion where there is overlap in geographic coverage areas.

As ongoing guidance is anticipated from Treasury, staff ask that the Commissioner be authorized to make changes to the program deemed non-material or necessary to comply with federal requirements.

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Board Agenda Item: 7.F
Date: 1/28/2021

MINNESOTA HOUSING

Item: Request for Delegated Authority Related to COVID-19 Emergency Rental Assistance

Staff Contact(s):
Jennifer Leimaile Ho, 651.276.1362, jennifer.ho@state.mn.us
Anne Smetak, 651.263.1460, anne.smetak@state.mn.us

Request Type:

☒ Approval
- ☐ Motion
- ☒ Resolution

☐ No Action Needed
- ☐ Discussion
- ☐ Information

Summary of Request:
The Commissioner requests approval of the attached delegation of authority in order to facilitate the administration of COVID-19 Emergency Rental Assistance.

Attached for reference is Board Delegation No. 30, which was previously approved by the board to facilitate administration of the COVID Emergency Housing Assistance Program.

Fiscal Impact:
None.

Meeting Agency Priorities:
- ☐ Improve the Housing System
- ☒ Preserve and Create Housing Opportunities
- ☐ Make Homeownership More Accessible
- ☒ Support People Needing Services
- ☒ Strengthen Communities

Attachment(s):
- Resolution
- Background: Board Delegation No. 30, Delegated Authority to the Commissioner Related to the COVID-19 Housing Assistance Program

Agenda Item: 7.F
Resolution

MINNESOTA HOUSING FINANCE AGENCY
400 Wabasha Street N, Suite 400
St. Paul, Minnesota 55102

RESOLUTION NO. MHFA 21-XXX
BOARD DELEGATION NO. 31

DELEGATION OF AUTHORITY TO THE COMMISSIONER RELATED TO COVID-19 EMERGENCY RENTAL ASSISTANCE

WHEREAS, the Minnesota Housing Finance Agency ("Agency") Commissioner ("Commissioner") has requested that the Minnesota Housing Finance Agency Board ("Board") delegate to the Commissioner certain authority regarding the administration of COVID-19 Emergency Rental Assistance (the "Program") in order to improve the efficiency of the Program and the use of the time-limited federal resources to preserve housing stability across Minnesota;

WHEREAS, such authority would permit the Commissioner to perform the activities encompassed by the delegation without prior Board approval; and

WHEREAS, the Board has considered the request and finds that it is in the best interests of the Agency to delegate such authority.

NOW, THEREFORE, BE IT RESOLVED:
That the Board grants the delegated authority below to the Commissioner so long as such authority is exercised in accordance with the parameters and requirements stated herein. This delegated authority applies only to COVID-19 Emergency Rental Assistance and expires when that program is concluded.

<u>DELEGATED AUTHORITY – Program Guide</u>
To authorize the Commissioner to approve a program guide for COVID-19 Emergency Rental Assistance.

1. The guide must be consistent with the parameters of the Program as approved by the Board and the federal requirements governing use of the funds; and
2. The guide must be reviewed and approved by the Agency's Deputy Commissioner, General Counsel, and Chief Financial Officer.

<u>DELEGATED AUTHORITY – Use of Designated Federal Resources</u>
To authorize the Commissioner to approve the use and expenditure of federal resources provided to the agency for emergency rental assistance through the Program. This authority includes selecting, and entering into appropriate contractual relationships with, entities to facilitate administration of the Program as well as authorizing disbursements of federal resources to pay for administration costs and emergency rental assistance.

1. All use and expenditure of federal resources must comply with federal requirements, comply with the parameters of the Program, and be deemed necessary by the Commissioner to facilitate timely access to the federal resources for emergency rental assistance; and

2. Disbursements may not exceed the amount of available federal resources under the Program; and
3. The use and expenditure of federal resources must be approved by the Agency's Deputy Commissioner, General Counsel, and Chief Financial Officer; and
4. The Chairperson of the Board must be consulted prior to selection of any entity or contractor to facilitate administration of the Program.

REPORTING REQUIREMENTS

The Commissioner shall report the actions taken using this delegated authority to the Board at the next regularly scheduled Board meeting.

Adopted this 28th day of January 2021

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CHAIRMAN

Agenda Item: 7.F
Background

MINNESOTA HOUSING FINANCE AGENCY
400 Wabasha Street N, Suite 400
St. Paul, Minnesota 55102

RESOLUTION NO. MHFA 20-041
BOARD DELEGATION NO. 30

DELEGATION OF AUTHORITY TO THE COMMISSIONER RELATED TO THE COVID-19 HOUSING ASSISTANCE PROGRAM

WHEREAS, the Minnesota Housing Finance Agency ("Agency") Commissioner ("Commissioner") has requested that the Minnesota Housing Finance Agency Board ("Board") delegate to the Commissioner certain authority regarding the administration of the COVID-19 Housing Assistance Program ("Program") in order to improve the efficiency of the Program and the use of the time-limited federal resources to preserve housing stability across Minnesota;

WHEREAS, such authority would permit the Commissioner to perform the activities encompassed by the delegation without prior Board approval; and

WHEREAS, the Board has considered the request and finds that it is in the best interests of the Agency to delegate such authority.

NOW, THEREFORE, BE IT RESOLVED:

That the Board grants the delegated authority below to the Commissioner so long as such authority is exercised in accordance with the parameters and requirements stated herein. This delegated authority applies only to the COVID-19 Housing Assistance Program and expires when that program is concluded.

<u>DELEGATED AUTHORITY – Program Guide</u>

To authorize the Commissioner to approve a program guide for the COVID-19 Housing Assistance Program.

1. The guide must be consistent with the parameters of the Program as approved by the Board and the federal requirements governing use of the funds; and
2. The guide must be reviewed and approved by appropriate members of the agency's Servant Leadership Team.

<u>DELEGATED AUTHORITY – Funding Process</u>

To authorize the Commissioner to approve modifications to the grant amounts provided to administrators pursuant to the COVID-19 Housing Assistance Program.

1. The funding modifications must: comply with the parameters of the Program; be necessary to facilitate timely statewide access to these housing stability resources; and be based upon demonstrated need;
2. Disbursements related to the funding modifications may not exceed the amount of available resources under the Program; and
3. The funding modifications must be approved by appropriate members of the agency's Servant Leadership Team.

REPORTING REQUIREMENTS
The Commissioner shall report the actions taken using this delegated authority to the Board at the next regularly scheduled Board meeting.

Adopted this 7th day of August 2020

CHAIRMAN

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MINNESOTA HOUSING

Board Agenda Item: 8.A
Date: 1/28/2021

Item: 2021 Governor's Budget Recommendations

Staff Contact(s):
Dan Kitzberger, 651.296.3706, dan.kitzberger@state.mn.us
Ryan Baumtrog, 651.296.9820, ryan.baumtrog@state.mn.us

Request Type:

☐ Approval
  ☐ Motion
  ☐ Resolution

☒ No Action Needed
  ☒ Discussion
  ☐ Information

Summary of Request:
Governor Walz and Lt. Governor Flanagan will announce their budget recommendations on January 26. Minnesota Housing's base budget for State Fiscal Years 2022-2023 is $115.6 million across several housing stability, rental development and homeownership programs.

Fiscal Impact:
Loans and grants funded by state appropriations do not earn interest for the agency but are critical to meeting statewide housing needs.

Meeting Agency Priorities:
☒Improve the Housing System
☒Preserve and Create Housing Opportunities
☒Make Homeownership More Accessible
☒Support People Needing Services
☒Strengthen Communities

Attachment(s):
- Will be provided at the meeting

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Board Agenda Item: 9.A.
Date: 1/28/2021

Item: 2020 Consolidated Annual Performance and Evaluation Report (CAPER)

Staff Contact(s):
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Kirby Pitman, 651-296-9843, kirby.pittman@state.mn.us

Request Type:

☐ Approval
- ☐ Motion
- ☐ Resolution

☒ No Action Needed
- ☐ Discussion
- ☒ Information

Summary of Request:
Staff submitted the Agency's Consolidated Annual Performance and Evaluation Report (CAPER) to the U.S. Department of Housing and Urban Development to report on activities during Federal Fiscal Year 2020 for the HOME Investment Partnerships (HOME), National Housing Trust Fund (NHTF), and Housing Opportunities for Persons with AIDS (HOPWA) programs as well as actions completed to address impediments to fair housing choice.

Fiscal Impact:
Reports on Federal Fiscal Year 2020 expenditures from HOME, NHTF and HOPWA grants and program income totaling $13.7 million. The Agency does not earn interest on loans and grants made under these programs.

Meeting Agency Priorities:
- ☐ Improve the Housing System
- ☒ Preserve and Create Housing Opportunities
- ☐ Make Homeownership More Accessible
- ☒ Support People Needing Services
- ☐ Strengthen Communities

Attachment(s):
- Summary and Background
- CAPER document

Background
Minnesota Housing, along with the Department of Employment and Economic Development and Department of Human Services, reports annually on certain federal funds administered by the U.S. Department of Housing and Urban Development. The activities reported occurred during Federal Fiscal Year 2020 (October 1, 2019-September 30, 2020). For Minnesota Housing, this includes HOME Investment Partnerships (HOME), National Housing Trust Fund (NHTF), and the Housing Opportunities for Persons with AIDS (HOPWA) programs. In addition, this report includes actions to address impediments to fair housing choice completed during the year.

Summary of Program Activities
During federal fiscal year 2020, the agency expended $2.7 million in HOME resources completing 24 units, no NHTF resources or unit completion, and assisted 177 households through HOPWA with $195,000 in resources.

We are on track to meet our affordable housing goals as part of the 5-year plan (this report reflects year four of the plan). For affordable housing production using HOME and NHTF resources, there was only one property with HOME funding that closed out during the fiscal year. While this shows in the report as limited resources expended and units completed compared to agency goals, this is primarily due to the shift in resources for these two programs being in new construction activities which have longer time to completion. As of writing, we have three developments completing construction for HOME and NHTF resources that will be reflected in the 2021 plan.

Summary of Fair Housing Activities
During the last year, Minnesota Housing took many actions to address impediments to fair housing choice. These actions are identified in the 2019 Analysis of Impediments adopted by the Board in September 2018. A few highlights of our efforts this past year include:

- Addressing insufficient housing for large families:
    - Minnesota Housing Single Family programs provided affordable first mortgage loans to 1,077 households with four or more people, and nearly half (48%) of households receiving financial wellness coaching in the Homeownership Capacity Program had four or more people.
- Addressing homeownership and mortgage lending gaps:
    - In 2020, 34.3% of Minnesota Housing's Start Up program first time homebuyer loans went to BIPOC households (1,473 of 4,328 loans). Minnesota Housing continues to co-lead the Homeownership Opportunity Alliance. The HOA provides outreach to BIPOC communities through their "Get Ready. Be Ready!" campaign to connect BIPOC households with homebuyer education services and build awareness that homeownership is possible.
- Addressing very high standards for rentals:
    - Minnesota Housing's Supportive Housing team has been leading continuing efforts to expand Tenant Selection Planning guidance and requirements to break down barriers to accessing housing. The proposed changes to tenant screening criteria and processes will remove some housing access barriers for people most impacted by exclusionary screening criteria. These changes were adopted at the December 2020 board meeting

- Addressing a shortage of resources for persons with disabilities to transition to independent living settings:
    - Minnesota Housing applied for and has been notified of an award of a third round of the HUD Section 811 program during the year. The three rounds of funding offer 325 units of project-based rental assistance to create integrated supportive housing for people with disabilities who are extremely low-income. Minnesota is focusing these units to serve people who are long-term homeless or leaving institutions of care.

Summary of Public Comments

The State of Minnesota received several public comments on the draft CAPER. These comments and the response from Minnesota Housing, DEED, and DHS are attached in full at the end of the CAPER report (page 71 of the CAPER document). Many comments were unrelated to the CAPER. General themes in public comments related to Minnesota Housing programs reported on in the CAPER include:

- Production performance
    - Commenters noted that the production numbers for the HOME and National Housing Trust Fund were below goals set. As described above, the agency remains on track to meet five-year goals but a shift from focusing on rehabilitation activities towards new construction activities altered the timelines in predictions made as part of the five-year plan.
- Reaching Black, Indigenous and People of Color (BIPOC) households and developers
    - Several commenters inquired about State efforts to reach BIPOC developers and households. Minnesota Housing, like DEED and DHS, has specific requirements for Affirmative Fair Housing Marketing Plans in multifamily rental properties to reach households from federal protected classes (including race/ethnicity) who are least likely to apply. From the developer side, Minnesota Housing recently made changes to its Qualified Allocation Plan for the Low Income Housing Tax Credit to address this issue by adding additional opportunities for points for projects that meet one or both of the following criteria:
        - Two or more key members of the development team are POCIBE/WBE
        - The project sponsor, general contractor, architect or management agent partners with a POCIBE/WBE entity with the goal of building the entity’s capacity to develop, manage, construct, design or own affordable housing in the future.
- Requests for more public engagement in future planning
    - Commenters requested information about Agency engagement efforts for planning processes. Minnesota Housing, through its Affordable Housing Plan, noted that this involves creating more opportunities for participation in program decision-making, listening, and taking action on what is learned. Minnesota Housing committed to create and implement a new community development and engagement strategy in 2020-2021 and to create the capacity, structure, partnerships and expertise to carry out this work effectively.

State of Minnesota
Consolidated Annual Performance
and Evaluation Report
for Federal Fiscal Year 2020

December 2020

Table of Contents

CR-05 - Goals and Outcomes

Progress the jurisdiction has made in carrying out its strategic plan and its action plan. 91.520(a)

This could be an overview that includes major initiatives and highlights that were proposed and executed throughout the program year.

As designed by the U.S. Department of Housing and Urban Development (HUD), this report primarily pertains to those programs funded through federal assistance allocated to Minnesota state agencies under Community Development Block Grants (CDBG), Emergency Solutions Grants (ESG), HOME Investment Partnership (HOME), the National Housing Trust Fund (NHTF), and Housing Opportunities for Persons with AIDS (HOPWA). The state makes this report available on behalf of the Minnesota Department of Employment and Economic Development (DEED), the Minnesota Department of Human Services (DHS), and Minnesota Housing Finance Agency (Minnesota Housing).

It is important to note that the state provides affordable housing and community development through a variety of programs, many of which are funded through agency resources or state appropriations. In Federal Fiscal Year (FFY) 2020, Minnesota Housing alone committed funds to assist nearly 41,000 households with rent assistance, down payment and first mortgage financing, home improvement financing, homebuyer education, the rehabilitation or construction of affordable rental housing, and other assistance (not including 30,000 units of Section 8 housing for which Minnesota Housing administers the housing assistance contract). Additional information about other housing and community development may be obtained through Minnesota Housing, DEED and DHS.

The state has identified objectives and expected outcomes for federally funded housing and community development assistance through a process of public hearings and forums held throughout the state. Housing advocates, service providers, residents, and other stakeholders are invited to participate in these events and to provide input on local needs, priorities, and problems (see the citizen participation plan and public comments attached to the *Consolidated Housing and Community Development Plan, FY 2017-2021*). The Annual Action Plan addresses how objectives are to be met each year. Under most federal programs covered in this report, the state has been close to meeting its previous annual projections. The economy has worsened this year due to the impact of the pandemic and unemployment has increased from 3.2 percent in September of 2019 to 7.4 percent in September 2020. Nationally unemployment was 7.9% in September 2020.

As of the end of 2020, the fourth year in its five-year plan (2017-2021), Minnesota had achieved 93% of its five-year goals.

DEED's Small Cities Development Program had challenges in matching the goals set in the annual action plan. Commercial projects have 41 accomplishments compared to the expected goal of 85. Owner occupied housing rehabilitation projects have 214 accomplishments compared to the expected goal of 350. Rental housing rehabilitation projects have 114 accomplishments compared to the expected goal of 150. Not meeting the goal is due to several factors, mainly the COVID-19 pandemic. Grantees were experiencing difficulties with construction stalled, short construction season, difficulty in obtaining lead certified contractors and the cost of material skyrocketing. Landlords expressed some reluctance to participate in the program given the rent levels and challenges related to the rental market due to the pandemic. The unit of measure for Public facilities projects is based on persons assisted for both Low and Moderate Income (LMI) and other than LMI. Public facility projects have exceeded the goal of 1,240 assisted persons with a total accomplishments of 9,258 assisted persons, consisting of 5,073 LMI persons and 4,185 other than LMI persons. A streetscape project with a slum and blight national objective was part of the public facility projects. DEED's Minnesota Investment Fund (MIF) projected zero for LMI jobs and with zero accomplishments. Due to elevated funding levels from other state funded sources, federal resources have not been used, hence with the authority of the DEED Commissioner, these funds have been reallocated to the Small Cities Development Program.

It is important to note for budgeting and planning purposes that Minnesota Housing projects the number of units for which it expects to make funding commitments; projecting the completion of HOME-assisted units is difficult because multifamily projects may take a few years to complete.

Comparison of the proposed versus actual outcomes for each outcome measure submitted with the consolidated plan and explain, if applicable, why progress was not made toward meeting goals and objectives. 91.520(g)

Categories, priority levels, funding sources and amounts, outcomes/objectives, goal outcome indicators, units of measure, targets, actual outcomes/outputs, and percentage completed for each of the grantee's program year goals.

Goal	Category	Source / Amount made Available	Indicator	Unit of Measure	Expected Program Year 2020	Actual Program Year 2020	Percent Complete
Create suitable living environment - DEED	Affordable Housing	CDBG: $10,200,320	Rental units rehabilitated	Household Housing Unit	150	114	76%
			Homeowner housing rehabilitated	Household Housing Unit	350	214	60%
Enhance Affordable Housing Opportunities- Minnesota Housing	Affordable Housing	HOME: $9,393,719	Rental units rehabilitated	Household Housing Unit	45	24	53%
		NHTF: $4,078,002	Rental housing constructed	Household Housing Unit	45	0	0%
Promote Economic Development	Non-Housing Community Development	CDBG: $3,652,000	Façade treatment/business building rehabilitation	Business	85	41	48%
			Jobs created/retained	Jobs	-	-	-
			Businesses Assisted	Businesses Assisted	-	-	-
Facilitate Housing and Service for the Homeless	Homeless	ESG: $2,201,143	Tenant-based rental assistance/ rapid rehousing	Households Assisted	300	150	49%
			Homeless person Overnight Shelter	Persons Assisted	9300	9840	102%
			Homelessness Prevention	Persons Assisted	150	112	75%
Provide Funds for Special-Needs Housing and Services	Non-Homeless Special Needs	HOPWA: $252,520	Homelessness Prevention	Persons Assisted	200	177	89%
Address Public Facility and Infrastructure Needs- DEED	Non-Housing Community Development	CDBG: $2,905,000	Public Facility or Infrastructure Activities other than Low/Moderate Income Housing	Persons Assisted	490	4185	941%
			Public Facility or Infrastructure Activities for Low/Moderate Income Housing	Persons Assisted	750	5073	620%

Table 1 - Accomplishments – Program Year & Strategic Plan to Date

Assess how the jurisdiction's use of funds, particularly CDBG, addresses the priorities and specific objectives identified in the plan, giving special attention to the highest priority activities identified.

Minnesota's objectives in the distribution of housing and community development resources are to create suitable living environments; provide decent, affordable housing; and create economic opportunities within the state. In working to achieve those objectives, the state has prioritized populations with the greatest need for assistance (see SP-25 "Priority Needs" in the ***2017-2021 Consolidated Plan for Housing and Community Development)***.

Priorities include renters with incomes at or below 30% of area median income (AMI), homeowners with incomes of 51% to 80% of AMI, and non-homeless people with special needs. NHTF and HOME-funded units, in particular, reflect these priorities— For HOME units, 67% of renter households occupying units completed in FFY 2020 had incomes below 30% of AMI. 100% of units for NHTF had incomes below 30% of AMI.

In addition to general affordable housing, Minnesota Housing assists the homeless or people with special needs at risk of being homeless who struggle with housing stability through several programs funded by the state legislature, including the Family Homeless Prevention and Assistance Program, Bridges rental assistance, the state Housing Trust Fund rent assistance, and Housing Infrastructure Bonds. These programs assisted more than 8,200 households in 2020.

With its federal resources, the state assists the greatest number of people through the Emergency Solutions Grant (ESG). ESG assistance includes operating and supportive service costs for emergency shelter facilities and rental assistance and housing relocation and stabilization services for homeless persons and those at imminent risk of homelessness who need to be re-housed.

With its federal resources, the state provides the greatest amount of assistance through the Community Development Block Grant (CDBG) Small Cities Development Program (SCDP). As noted in the Action Plan, CDBG focused on creating suitable living environments, economic development and public facilities and infrastructure. The unit of measure for Public facilities projects is based on persons assisted. The goal for Table 1 and Table 2 for housing is to create suitable living environments as noted in the Action Plan instead of the listed providing decent affordable housing. These spending priorities have been established through the planning process, which determines where the most need is, as well as the capacity to make an impact on those in need in the State of Minnesota. The amount spent on each category is determined both by past performance and the current ability to meet housing and community development needs in Minnesota. Current economic development funds will be utilized for the SCDP program. State resources with fewer restrictions were made available to assist with the creation of jobs for low to moderate income persons. With the authority of the DEED Commissioner, CDBG funds set aside for those activities that were not used were reallocated to other CDBG activities.

CR-10 - Racial and Ethnic composition of families assisted

Describe the families assisted (including the racial and ethnic status of families assisted).

91.520(a)

	CDBG	HOME	ESG	HOPWA	NHTF
White	1005	9	4566	102	
Black or African American	15	12	3209	60	
Asian	8	0	146	3	
American Indian or American Native	9	0	1329	4	
Native Hawaiian or Other Pacific Islander	2	0	45		
More than one race	10	3	745	8	
Total	1036	24	9295	177	
Hispanic	35	1	832	13	
Not Hispanic	1014	23	9270	164	

Table 2 – Table of assistance to racial and ethnic populations by source of funds

Narrative

According to the Census Bureau's estimates in the ***American Community Survey, 2019,*** low and moderate income households (those earning less than $50,000 in 2018) of a race other than white comprise an estimated 19% of the households in Minnesota, and households of Hispanic or Latino ethnicity comprise an estimated 5% of the households in Minnesota.

CDBG assisted 1,049 households in FFY 2020. Of that number, 1005 were white, 15 Black/African American, 8 Asian, 9 American Indian/Alaskan Native, 2 Native Hawaiian/Other Pacific Islander, 1 American Indian/Alaskan Native & white, 2 Asian/White and 7 other multi-racial. Among CDBG-assisted households, 96% of households were white, 1% Black/African American, less than 1% American Indian/Alaskan Native, less than 1% Native Hawaiian/Other Pacific Islander, and less than 1% multi-racial. Households with two or more races do not fit into the CAPER table above.

As summarized in the IDIS Report ***HOME Summary of Accomplishments for FFY 2020*** 38% of HOME-assisted households were white, 50% Black/African American, 0% Asian, 0% American Indian/Alaskan Native, and 13% more than one race. Of the total HOME-assisted households, 0% of households were Hispanic.

Note that HOME funds historically were available primarily in non-entitlement areas, which are less diverse and may have limited previous opportunity for HOME-funded projects to serve a higher percentage of people of color or Hispanic ethnicity.

With ESG funding, DHS assisted 10,102 households during Program Year 2020. Of those, 45% identified as White, 32% identify as Black/African American, 14% identify as American Indian or Alaskan Native, and approximately 27% identify as more than one race. Ninety-two percent of persons in ESG-funded programs identified as Non-Hispanic ethnicity.

DEED, Minnesota Housing, and DHS's current *Analysis of Impediments to Fair Housing Choice* report and action plan corresponds with the final three years of the Consolidated Plan. A full disclosure of the impediments can be found in the *2019 Analysis of Impediments to Fair Housing Choice for Minnesota* available at: Analysis of Impediments to Fair Housing Choice

Each year, the state documents agency actions taken to overcome impediments (see CR 35 of this report).

CR-15 - Resources and Investments 91.520(a)

Identify the resources made available

Source of Funds	Resources Made Available	Amount Expended During Program Year
CDBG	26,058,420	5,787,955
HOME	9,393,719	2,678,978
HOPWA	252,520	194,953
ESG	2,201,143	2,201,143
NHTF	4,078,002	0

Table 3 – Resources Made Available

Narrative

Funding provided by HUD to Minnesota for FFY 2020 under housing and community development programs is shown above. The expended amounts during a program year could be higher or lower than resources made available due to timing of projects, particularly capital funding for projects via CDBG, HOME and NHTF. For example, this year both the HOME and NHTF programs funded new construction multifamily rental projects that often take two years to complete, reflected with limited expenditures during the first year of a project. Note that amounts expended may include funds from previous allocations.

State agencies provide a large amount of assistance other than federal funds for affordable housing. For example, in FFY 2020, Minnesota Housing committed loans/grants for approximately $1.8 billion in housing assistance to non-Section 8 households. Minnesota Housing resources include bond sale proceeds and other mortgage capital, federal housing tax credits, state appropriations, and its own resources. (These figures from the agency's most recent reporting are shown for context and differ from expenditures shown in IDIS because Minnesota Housing reports on loans/grants committed for funding while IDIS includes funds for projects that are completed and occupied in the reporting year.)

In addition, HUD awarded funding to Minnesota ($3.1 million in 2013 and $3 million in 2015) for the Section 811 demonstration that Minnesota Housing and DHS currently are implementing. Under this demonstration, Minnesota Housing provides rent assistance on behalf of households with a disabled member.

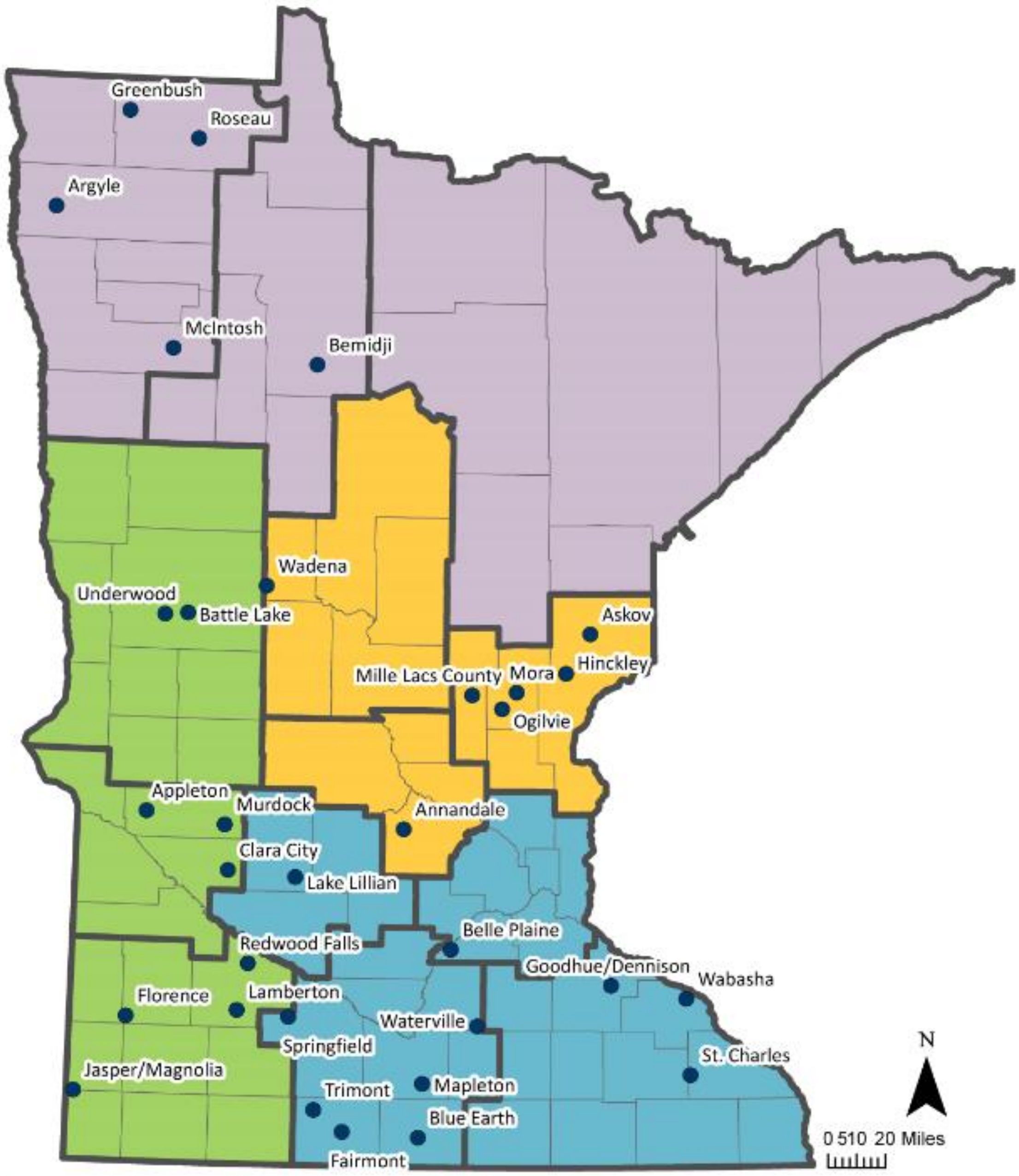
Identify the geographic distribution and location of investments

Target Area	Planned Percentage of Allocation	Actual Percentage of Allocation	Narrative Description
Non-Entitlement	100	100	Funding Distribution for CDBG Small Cities program
Statewide	100	100	ESG, HOME and NHTF are available statewide

Table 4 – Identify the geographic distribution and location of investments

Small Cities Development Program

2020 SCDP Grantees



EMPLOYMENT AND ECONOMIC DEVELOPMENT

Prepared by: Economic Analysis Unit, Operations Division, DEED

2020 AWARDED PROJECTS SMALL CITIES DEVELOPMENT PROGRAM

AWARD DATE: MAY 11, 2020

The funds for the grantee's will be used for the following:

Askov, $600,000 Public facility improvements

Bemidji, $388,125 Owner occupied housing

Florence, $585,000 Public facility improvements

Goodhue/Dennison, $528,420 Owner occupied housing

Greenbush, $1,108,000 Owner occupied housing, rental housing, commercial and Streetscape improvements

Jasper/Magnolia, $599,991 Owner Occupied housing

Lake Lillian, $600,000 Public facility improvements

Murdock, $600,000 Public facility improvements

Ogilvie, $600,000 Public facility improvements

Springfield, $531,300 Owner Occupied housing

Wabasha, $528,420 Owner Occupied housing

Waterville, $287,500 Owner Occupied housing

2020 AWARDED PROJECTS SMALL CITIES DEVELOPMENT PROGRAM

AWARD DATE: JUNE 8, 2020

The funds for the grantee's will be used for the following:

Annandale, $485,356 Rental housing and commercial

Appleton, $747,500 Owner occupied housing and commercial

Argyle, $ 759,000 Owner occupied housing, rental housing and commercial

Battle Lake, $943,000 Owner occupied housing and commercial

Belle Paine, $603,750 Owner occupied housing and commercial

Blue Earth, $317,400 Owner occupied housing

Clara City, $701,500 Owner occupied housing, rental housing and commercial

Fairmont, $885,500 Owner occupied housing and commercial

Hinckley, $437,000 Rental housing and commercial

Lamberton, $782,000 Owner occupied housing and commercial

Mapleton, $345,000 Owner occupied housing

McIntosh, $394,450 Rental housing

Mille Lacs County, $391,000 Rental housing and commercial

Mora, $393,300 Owner occupied housing and rental housing

Redwood Falls, $864,800 Owner occupied housing and commercial

Roseau, $625,600 Owner occupied housing and commercial

St. Charles, $ 599,955 Owner occupied housing and rental housing

Trimont, $ 431,250 Owner occupied housing

Underwood, $488,750 Owner occupied housing

Wadena, $681,720 Owner occupied housing, rental housing and commercial

Narrative

The largest percentage of assistance that the state provided with federal resources is through CDBG, particularly for the rehabilitation of residential homes, commercial and the improvements on public facilities. In 2020, 26% of the distribution of funds were for publicly or privately owned commercial buildings, 50% for housing which included owner occupied housing projects and rental housing, 12% for public facility and improvements, 12% for general administration, and 0.5% for technical assistance. A map showing the distribution of projects awarded funding in 2020 is attached in IDIS.

Listed below are outreach and training sessions (both in-person and virtual) conducted during this fiscal year.

October 2019 - House Mini Session - Community and Economic Development Discussion

October 2019 - Rural Water Presentation (Public facility with RD and PFA)

November 2019 - IRRRB Presentation (SCDP)

January 2020 - Roundtable SCDP Discussion in St. Peter and Cloquet

February 2020 - Roundtable SCDP Discussion in Brainerd

July 2020 - Virtual SCDP Presentation - Renville County EDA

July 2020 - SCDP Implementation and Application Webinar

October 2020 - Public Facility Roundtable with PFA, RD, MDH and MPCA

HOME funds are available statewide. In 2020, 100% of completed HOME-funded units were in projects located in the seven-county Twin Cities metro.

Minnesota targets HOPWA funds to areas outside the 13-county Twin Cities metropolitan area, which is served by the City of Minneapolis HOPWA grant.

ESG Shelter resources are distributed statewide, with priority given for non-entitlement areas, and secondly to entitlement areas which have used their full ESG allocation for emergency shelter operations and have additional need for emergency shelter resources. For ESG Prevention and Rapid Re-Housing funding, funds are only awarded to applications from non-ESG entitlement areas of the state, resulting in all ESG Housing funds being expended in these Balance of State areas.

Leveraging

Explain how federal funds leveraged additional resources (private, state and local funds), including a description of how matching requirements were satisfied, as well as how any publicly owned land or property located within the jurisdiction that were used to address the needs identified in the plan.

ESG requires a one-to-one matching of funds. The State and its ESG sub-recipients expended $2,101,143 in non-ESG funds which were provided by federal, state, local and private sources as match for ESG-eligible activities. All matching funds came from the State Emergency Service Program (ESP) appropriation to fund emergency shelter across the state.

DEED leverages its CDBG housing rehabilitation funds with Minnesota Housing, USDA Rural Development, lender, and property owner contributions. Each applicant jurisdiction is expected to provide as much local money as practicable, contingent upon the financial capability of the applicant. DEED, the Public Facility Authority, and Rural Development coordinate funds for correcting or improving public infrastructure, especially for low- and moderate-income communities. DEED staff estimates that CDBG projects historically have leveraged nonfederal funds in an amount at least equal to CDBG funds.

In 2020, of those projects receiving HOME funds, HOME dollars comprised 17% of total funds committed to those projects.

HOME requires that each participating jurisdiction make contributions to housing that qualifies as affordable housing under the HOME program. These contributions must total not less than 25 percent of the funds drawn from the jurisdiction's HOME Investment Trust Fund Treasury account. Minnesota Housing satisfies this requirement through investments in two rental assistance programs funded by the Minnesota State Legislature as detailed in Table 6 – Match Contribution for the Federal Fiscal Year:

1) The State Housing Trust Fund provides rental assistance to high priority homeless families and individuals, defined as households prioritize for permanent supportive housing by the Coordinated Entry System.
2) The Bridges program provides assistance to households in which one or more adult members has a serious mental illness. This program helps people with disabilities live in a more community-based and integrated setting while receiving services.

Minnesota Housing allocates Low-Income Housing Tax Credits for the development of affordable rental housing, often in conjunction with agency-financed first mortgages and/or other contributions, such as deferred or gap funding including HOME and NHTF. In 2020, Minnesota Housing closed $37.6 million in loans and gap funding for developments with 295 tax credit units that also received nearly $47.3 million in syndication proceeds from investors.

A scoring criterion used to evaluate projects with respect to competitive HOME fund awards is efficient use of scarce resources and leverage. It includes measurements related to readiness to proceed by evaluating the percentage of the development's funding that is secured/committed, in addition to a scoring measurement for other non-capital contributions, and low intermediary costs.

Fiscal Year Summary – HOME Match	
1. Excess match from prior Federal fiscal year	152,118,365
2. Match contributed during current Federal fiscal year	13,327,985
3. Total match available for current Federal fiscal year (Line 1 plus Line 2)	165,446,350
4. Match liability for current Federal fiscal year	807,567
5. Excess match carried over to next Federal fiscal year (Line 3 minus Line 4)	164,638,783

Table 5 – Fiscal Year Summary - HOME Match Report

Match Contribution for the Federal Fiscal Year								
Project No. or Other ID	**Date of Contribution**	**Cash (non-Federal sources)**	**Foregone Taxes, Fees, Charges**	**Appraised Land/Real Property**	**Required Infrastructure**	**Site Preparation, Construction Materials, Donated labor**	**Bond Financing**	**Total Match**
1	09/30/2020	$9,717,875	0	0	0	0	0	$9,717,875
2	09/30/2020	$3,610,110	0	0	0	0	0	$3,610,110

Table 6 – Match Contribution for the Federal Fiscal Year

HOME MBE/WBE report

Program Income – Enter the program amounts for the reporting period				
Balance on hand at begin-ning of reporting period	**Amount received during reporting period**	**Total amount expended during reporting period**	**Amount expended for TBRA**	**Balance on hand at end of reporting period**
6,756,679	2,038,024	450,183	0	8,344,520

Table 7 – Program Income

Minority Business Enterprises and Women Business Enterprises – Indicate the number and dollar value of contracts for HOME projects completed during the reporting period

	Total	Minority Business Enterprises				White Non-Hispanic
		Alaskan Native or American Indian	Asian or Pacific Islander	Black Non-Hispanic	Hispanic	
Contracts						
Dollar Amount	$6,859,842	0	0	0	0	$6,859,842
Number	4	0	0	0	0	4
Sub-Contracts						
Number	109	0	2		4	103
Dollar Amount	$17,967,226	0	$233,942		$165,197	$17,568,087

	Total	Women Business Enterprises	Male
Contracts			
Dollar Amount	$6,859,842	$2,754,073	$4,105,767
Number	4	1	3
Sub-Contracts			
Number	109	10	99
Dollar Amount	$17,967,226	$340,072	$17,627,154

Table 8 – Minority Business and Women Business Enterprises

Minority Owners of Rental Property – Indicate the number of HOME assisted rental property owners and the total amount of HOME funds in these rental properties assisted

	Total	Minority Property Owners				White Non-Hispanic
		Alaskan Native or American Indian	Asian or Pacific Islander	Black Non-Hispanic	Hispanic	
Number	0	0	0	0	0	0
Dollar Amount	0	0	0	0	0	0

Table 9 – Minority Owners of Rental Property

Relocation and Real Property Acquisition – Indicate the number of persons displaced, the cost of relocation payments, the number of parcels acquired, and the cost of acquisition

Parcels Acquired	0	0

Businesses Displaced	0	0
Nonprofit Organizations Displaced	0	0
Households Temporarily Relocated, not Displaced	0	0

Households Displaced	Total	Minority Property Enterprises				White Non-Hispanic
		Alaskan Native or American Indian	Asian or Pacific Islander	Black Non-Hispanic	Hispanic	
Number	0	0	0	0	0	0
Cost	0	0	0	0	0	0

Table 10 – Relocation and Real Property Acquisition

CR-20 - Affordable Housing 91.520(b)

Evaluation of the jurisdiction's progress in providing affordable housing, including the number and types of families served, the number of extremely low-income, low-income, moderate-income, and middle-income persons served.

	One-Year Goal	Actual
Number of Homeless households to be provided affordable housing units	0	0
Number of Non-Homeless households to be provided affordable housing units	590	352
Number of Special-Needs households to be provided affordable housing units	200	177
Total	**790**	**529**

Table 11 – Number of Households

	One-Year Goal	Actual
Number of households supported through Rental Assistance	300	150
Number of households supported through the Production of New Units	45	0
Number of households supported through Rehab of Existing Units	545	352
Number of households supported through Acquisition of Existing Units	0	0
Total	**890**	**502**

Table 12 – Number of Households Supported

Discuss the difference between goals and outcomes and problems encountered in meeting these goals.

The one-year goal of 590 units (Table 11), set out in the state's 2020 Action Plan, was stated as the goal for rehabilitated and newly constructed rental units funded through HOME, NHTF, or CDBG.

We anticipate variation in funding new construction versus rehabilitation in HOME and NHTF, and while the plan evenly splits the activities (45 units for each new construction and rehabilitation, as cited in Table 1), activities year to year will not reflect an even split depending on market need, and applications received by Minnesota Housing.

For Emergency Solutions Grant (ESG) funding, the goal of providing rapid re-housing assistance 300 households (Table 12) was not achieved. During the program year, ESG providers assisted 150 household with rapid re-housing assistance. The goal of serving 150 persons with homelessness prevention was only partially achieved as well, with 112 persons receiving assistance during the program year. In both instances, a variety of factors to contributed to the number of persons served, including longer lengths of stay in the program and difficulty accessing employment and stable housing as a result of the rapid economic downturn during the last quarter of the program year. The goal of stably re-housing 450 persons in households (total for prevention and rapid re-housing) was not achieved, as 262 persons achieved this outcome in 2020.

Discuss how these outcomes will impact future annual action plans.

Outcomes for activities in FFY 2020 do not seem to suggest a need to change activities in the next action plan.

The state will continue to solicit input from stakeholders and partners annually in order to respond to the housing and community development needs of Minnesota communities and will write future annual action plans based on that process, e.g., based on new or changing assistance needs identified by communities, stakeholders, and other assistance providers.

Include the number of extremely low-income, low-income, and moderate-income persons served by each activity where information on income by family size is required to determine the eligibility of the activity.

Number of Households Served	CDBG Actual	HOME Actual	NHTF Actual
Extremely Low-income	105	16	-
Low-income	95	7	-
Moderate-income	125	1	-
Total	**325**	**24**	-

Table 13 – Number of Households Served

Narrative Information

As reported in IDIS, 99% of beneficiaries of CDBG rehabilitation housing programs in 2020 had incomes at or below 80% of HUD median income. One percent served non low-mod income participants while the remainder 99% served extremely low to moderate participants meeting HUD's below 80% income limits and CDBG requirements of 51% of rental property be occupied by LMI participants. In accordance with guidelines, all households assisted with HOME funds have gross incomes at or below 80% of area median income, and tenant rents meet the affordability requirements of 24 CFR 92.252. For FFY 2020, 67% were in the lowest income category (30% of area median or less), 29% were in the 31%-50% category, and 0% were in the 51%-80% category.

All HOPWA-assisted households had gross incomes at or below 80% of area median income; 52% had incomes at or below 30% of area median.

CR-25 - Homeless and Other Special Needs 91.220(d, e); 91.320(d, e); 91.520(c)

Evaluate the jurisdiction's progress in meeting its specific objectives for reducing and ending homelessness through:

Reaching out to homeless persons (especially unsheltered persons) and assessing their individual needs.

The annual Point-in-Time count showed, as of January 2019, an increase of 10 percent in the total number of Minnesotans experiencing homelessness (from January 2018), a 11 percent decrease in homelessness among families with children, and a three percent decrease in the number of unaccompanied youth under 25 experiencing homelessness. The number of unsheltered persons (living outdoors, in vehicles, etc.) increased alarmingly (47 percent) from 2018 to 2019. Additionally, our preliminary 2020 PIT count data indicates a continued rise in the number of people experiencing unsheltered homelessness with a 14 percent increase from 2019. These numbers do not reflect the impact of the COVID-19 pandemic on people experiencing unsheltered homelessness which has only exacerbated the shortage of low-barrier housing with support services in many areas of the state relative to need.

The State of Minnesota provides funding to a number of street outreach, emergency shelter, and transitional housing programs primarily with state resources. State agencies worked in collaboration with the Continuum of Care (CoC) Committees to develop coordinated assessment systems in all areas of Minnesota, which will serve as a focal point for assessing the individual needs of both unsheltered and sheltered people.

The Minnesota Interagency Council on Homelessness is led by the Lieutenant Governor and includes 14 Cabinet-level agencies working together to end homelessness in Minnesota. Having met the goal of the Business Plan to End Long-Term Homelessness (to provide 4,000 additional housing opportunities by 2015), the Interagency Council, in partnership with stakeholders across the state, adopted Heading Home Together: Minnesota's 2018 – 2020 Action Plan to Prevent and End Homelessness, which include principles and strategies to guide efforts to prevent and end homelessness in Minnesota.

This plan reflects a growing community understanding and emerging consensus about what is needed to prevent and end homelessness in Minnesota and the strategies necessary to achieve that goal. The specific content of the plan represents a synthesis of Federal policy requirements and guidance, local practitioner knowledge, the insight of people with lived experience of homelessness, and extensive input from stakeholders all across Minnesota. Numerous organizations statewide have endorsed the guiding principles for this plan. These partners have also contributed substantially to shaping its strategies.

Beginning in March 2020, in response to the COVID-19 pandemic, the Minnesota Interagency Council on Homelessness has convened and led an interagency response team to respond to the needs of people experiencing homelessness. The collective efforts have proven effective in a number of ways. Most importantly, we believe they have prevented greater spread of COVID-19 among people experiencing homelessness. Based on initial modeling of potential infection rates, in March and April there was potential for thousands of people experiencing homelessness to become infected within a few months, with the potential for these infections to result in significant adverse health outcomes, deaths, and a significant strain on the health care system.

This modeling helped organize and reinforce the statewide push to create physical distancing within emergency shelters and extend their operating hours, to increase support for people living outdoors including better sanitation and access to care, to organize testing events for people experiencing homelessness, to contain outbreaks when they occur, and ultimately to create over 2,300 additional safe indoor spaces for people experiencing homelessness. This response was only possible with the mobilization of State agencies and the largest increase in homeless-specific funding in state history. The incredible dedication and creativity in the homeless response system has been remarkable. The Minnesota Interagency Council on Homelessness has several takeaways from the COVID response that will inform future work.

The Minnesota Interagency Council on Homelessness has provided technical assistance to assist in the establishment of CoCs, which have developed regional plans that identify assistance needs of people experiencing homelessness or people at risk of becoming homeless, gaps in regional service delivery for the homeless, and a strategy for addressing those gaps. Currently, 10 CoC regions exist in Minnesota covering the entire state. DHS has offered each CoC committee the opportunity to review and provide recommendations on each ESG application submitted from their region, as well as other DHS-administered homeless programs. This ensures that ESG funding is used to address locally determined priorities for shelter, prevention and rapid re-housing. In addition, in 2020 Minnesota Housing supported six CoCs in Greater Minnesota with grants ranging from $42,000 to $55,000 each for operating costs.

During the past two years, the Minnesota Department of Human Services (DHS) has initiated a Best Practices and Technical Assistance effort to encourage shelter providers to reduce the number of barriers faced by vulnerable populations seeking emergency shelter. These populations facing barriers may be part of the increase in unsheltered persons who are unable to access emergency shelter due to limited space as well as sobriety, criminal background exclusions, work or case management participation requirements and other barriers to entry.

Additionally, DHS has implemented a new structure for the RFP and granting process in 2019 with the goal to make the process more equitable and accessible. The RFP process incorporated several new strategies including having focus groups with people with lived experience to determine priorities for funding, having people with lived experience on the review panel, conducting interviews with applicant agencies about their projects before making funding decisions to honor oral tradition as opposed to simply relying on a written proposal.

Minnesota Housing secured $60 million in new Housing Infrastructure Bonds during the 2019 legislative session and an additional $100 million in 5th Special Legislative Session of 2020. Since 2012, Minnesota Housing has financed more than 1,400 units of permanent supportive housing using Housing Infrastructure Bonds. Additional permanent supportive housing resources are typically financed with low-income housing tax credits.

To promote early identification and more effective responses to the needs of Minnesota students experiencing housing instability and homelessness, Minnesota Housing, the Minnesota Department of Education, the Minnesota Department of Human Services, the Minnesota Interagency Council on Homelessness, and the Heading Home Minnesota Funders Collaborative have developed an initiative called Homework Starts with Home. Under this initiative, five school- and community-based collaborative programs will help more than 200 homeless or at-risk families with school-age children achieve housing stability and promote academic success. These efforts are supported with three-year grants totaling $4.15 million from three sources: Housing Trust Fund, Family Homeless Prevention and Assistance Program, and philanthropic support.

In 2015, 2017, and 2019 the Minnesota Legislature made an appropriation of $125,000 per year to support the statewide Homeless Management Information System (HMIS). This system helps housing and service providers to more effectively coordinate assistance and services to meet the needs of the homeless or near-homeless people. Minnesota Housing and the Department of Human Services annually supports the operation of HMIS, along with contributions from providers and CoCs. In 2020, Minnesota Housing contributed $300,000 to HMIS.

Addressing the emergency shelter and transitional housing needs of homeless persons

ESG funding is used to strengthen the Continuum of Care (CoC) systems by providing direct services to homeless persons. ESG funds were provided to sub-recipients in every CoC region, each of which has a priority to provide shelter and supportive services for homeless individuals and families. ESG funds also were provided to shelters in all CoC regions to pay for the operating and service costs of these programs, and to re-housing providers to rapidly re-house persons experiencing homelessness.

CoC organizations apply to HUD annually for funding under the McKinney Vento Homeless Assistance Program to address homelessness. In addition, the state funds both site-based and scattered-site transitional housing with approximately $3.2 million in state funds each year, and emergency shelters and day shelters with $844,000 per year in state funds plus a one-time additional appropriation of $1.5M for state fiscal years (SFY) 2020 and 2021.

In August 2019, the Center for Medicare and Medicaid Services (CMS) approved the Minnesota Department of Human Services (DHS) plan to add Housing Stabilization Services to the state's Medicaid plan. The new services for seniors and people with disabilities were launched by DHS in July 2020. The purpose of the services are to support an individual's transition into housing, Increase long-term stability in housing in the community, and avoid future periods of homelessness or institutionalization. These new services are a major step forward for Minnesota to support thousands of extremely low-income seniors, people with disabilities and people experiencing homeless to access and maintain housing in their community and are a critical component to advance the state's Olmstead Plan and the plan to prevent and end homelessness.

Helping low-income individuals and families avoid becoming homeless, especially extremely low-income individuals and families and those who are: likely to become homeless after being discharged from publicly funded institutions and systems of care (such as health care facilities, mental health facilities, foster care and other youth facilities, and corrections programs and institutions); and, receiving assistance from public or private agencies that address housing, health, social services, employment, education, or youth needs

The state received $2,201,143 in FFY 2020 in ESG program funding to support sub-recipients' ongoing efforts to provide shelter and rapid re-housing and prevention assistance to homeless and at-risk households. This included 106,375 for state administrative costs. ESG funds were used to provide supportive services to persons through the emergency shelter where they were staying, as well as prevent and rapidly re-house households who were at-risk of or experiencing homeless. Supportive services included case management, transportation, mental health care, substance abuse treatment, childcare, and legal advice and assistance.

One of the state's most significant strategies for providing homelessness prevention assistance is the Family Homeless Prevention and Assistance Program (FHPAP). The Minnesota Legislature increased the base funding for the program from $17.038 million to $20.538 million for the next two-year period. With these resources, Minnesota Housing assisted over 6,000 households in 2019 by providing short-term housing and services, primarily to families with children with median incomes below $12,000. The state also provides $23.3 million in base appropriation funding for the state Housing Trust Fund, annually serving around 1,600 households. This funding is used for rental assistance for families and individuals, many of whom have experienced homelessness. In 2019, the Legislature increased funding for the Bridges rental assistance program from $8.2 million to $8.7 million for the next two years. Under the Bridges program, Minnesota Housing provides rental assistance to households in which one or more adult members has a serious mental illness, annually serving around 890 households. This program helps people with disabilities live in a more community-based and integrated setting while receiving services. In FY 2021, Minnesota Housing received $100 million in federal Coronavirus Relief Funds for the COVID-19 Housing Assistance Program. The program provided housing assistance payments to help prevent eviction, prevent homelessness and maintain housing stability for eligible renters and homeowners. The program covered past due housing expenses such as: rent, mortgage and utility payments. The program was available statewide through local administers and prioritizes individuals and families at 200% of federal poverty guidelines or below. The COVID-19 Housing Assistance Program and the Governor's Executive Order suspending evictions during COVID-19 and the peacetime emergency were the State's main response to housing instability during the pandemic.

Helping homeless persons (especially chronically homeless individuals and families, families with children, veterans and their families, and unaccompanied youth) make the transition to permanent housing and independent living, including shortening the period of time that individuals and families experience homelessness, facilitating access for homeless individuals and families to affordable housing units, and preventing individuals and families who were recently homeless from becoming homeless again

People experiencing homelessness are often unable to access and use mainstream programs because of the inherent conditions of homelessness, as well as the structure and operations of the programs themselves. While all low-income populations face barriers to applying for, retaining, and using the services provided by mainstream programs, these barriers are compounded by the inherent conditions of homelessness, such as transience, instability, and a lack of basic resources. Furthermore, the underlying structure and operations of mainstream programs are often not conducive to ensuring that the special needs of homeless people are met.

Accordingly, any program providing services or resources that contribute to preventing or ending homelessness should ensure that people experiencing homelessness are not disproportionately disadvantaged in accessing these resources, when compared to people who are stably housed.

In September 2014, the agencies comprising the Minnesota Interagency Council on Homelessness adopted five Foundational Services Practices intended to help our “mainstream” programs – those not specifically targeted to people experiencing homelessness – work better for people experiencing homelessness who are eligible for those programs.

The five Foundational Service Practices are:

1. Know the housing status of people served
2. Actively reach out to the homeless
3. Limit requirements for in-person appointments
4. Assist with gathering required verifications/ documentation
5. Allow for multiple methods of communication about benefits and services.

Currently, nine of the Council agencies have implemented these practices across one or more programs in their agency, including Minnesota Housing, and are seeing increasing accessibility to programs and also an increase in innovation in how agencies are working with individuals and families experiencing homelessness.

The Council, primarily through the work of the Minnesota Department of Veterans Affairs, developed a Veterans Registry that enables service providers to identify the resources each individual veteran experiencing homelessness needs and to make the appropriate connections with those resources. The annual Point-in-Time count shows that veterans’ homelessness in Minnesota has been drastically reduced since 2010. Between the 2019 and 2010 counts, the number of veterans experiencing homelessness decreased by 54 percent. This number decreased slightly (one percent) between the 2018 and 2019 counts. Five regions of the state, representing 65 of the state’s 87 counties, have been confirmed by the Federal government as having met all criteria to show they have ended Veteran homelessness. These regions have also presented evidence that they have systems in place to meet the needs of Veterans at-risk of or experiencing homelessness on an ongoing basis. As of October 8, 2020, 294 Veterans remain on the Veterans Registry statewide.

Minnesota's Homeless Youth Act (HYA) program funds outreach, emergency shelter, transitional living programs, supportive housing and service to homeless youth across the state. The annual funding levels and number of youth served are as follows:

2015	$3,119,000	5,594 Youth
2016	$4,119,000	14,961 Youth
2017	$4,152,000	12,332 Youth
2018	$5,619,000	12,662 Youth
2019	$5,619,000	12,165 Youth

Minnesota Housing places a priority in its Request for Proposals and funding selection process on rental housing development that includes units of supportive housing for high priority homeless individuals. Most developments that receive funding have at least some supportive housing units.

As a part of the COVID-19 response for people experiencing homelessness, providers have partnered with the with county, city, and state to support a “hotel-to-home” that has been used to bring hundreds of people sleeping outside into hotel units and on a path to housing. DHS adapted the state’s Housing Support and Emergency Services Program resources for this “hotel-to-home” model, people eligible for Housing Support could ultimately leave their hotel to move to a private-market affordable rental housing.

CR-30 - Public Housing 91.220(h); 91.320(j)

Actions taken to address the needs of public housing

In 2020, the Legislature appropriated $16 million in general obligation bond proceeds for the purpose of preserving public housing. The funds are used for health, safety and energy efficiency improvements in existing public housing in all 87 counties. In 2018, the funding went to 29 developments across the state, preserving 1,622 housing units. The recent authorization of $16 million will be awarded to projects in the first half of 2021. Since 2012, the Legislature has authorized $61.5 million in resources specifically for the preservation of public housing:

Year	Amount	# of Projects	# of Units
2012	$5.5 million	14	950
2014	$20 million	35	2,438
2017	$10 million	27	1,844
2018	$10 million	20	1,622
2020	$16 million	TBD	TBD
Total	**$61.5 million**	**96**	**6,854**

Actions taken to encourage public housing residents to become more involved in management and participate in homeownership

Minnesota does not own or manage public housing and does not have access to public housing residents to encourage them to participate in management or homeownership.

Minnesota Housing encourages homeownership for lower income households through outreach and education under the Enhanced Homeownership Capacity Initiative and the Homeownership Education, Counseling, and Training Program. Minnesota Housing's affordable mortgage financing and down payment loans are available to first-time and repeat homebuyers that meet income requirements. In 2019, these programs served nearly 20,000 potential homebuyers.

Actions taken to provide assistance to troubled PHAs

The state recognizes the need for preservation and rehabilitation of federally assisted affordable housing, and provides General Obligation Bond proceeds for rehabilitation under Minnesota Housing's Publicly Owned Housing Program, but Minnesota had no specific goal in the Action Plan for 2020 to provide financial or other assistance to troubled PHAs in the state.

CR-35 - Other Actions 91.220(j)-(k); 91.320(i)-(j)

Actions taken to remove or ameliorate the negative effects of public policies that serve as barriers to affordable housing such as land use controls, tax policies affecting land, zoning ordinances, building codes, fees and charges, growth limitations, and policies affecting the return on residential investment. 91.220 (j); 91.320 (i)

In 2014, Minnesota Housing, the McKnight Foundation, Urban Land Institute of Minnesota (ULI-MN)/ Regional Council of Mayors (RCM), and Enterprise Community Partners sponsored a competition (Minnesota Challenge) to generate ideas for reducing the per-unit cost of developing affordable multifamily rental housing. The competition winner, the University of Minnesota’s Center for Urban and Regional Affairs, identified specific local policies, requirements, and procedures that increase costs and hinder the development of affordable housing. The report also identifies best practices for overcoming barriers to affordable housing development and strategies for implementing those best practices. A number of local jurisdictions have made changes that align with these recommendations. Each city, township and county in the seven county metropolitan area recently completed comprehensive plans that are in effect starting in 2020.

Minnesota Housing through its annual allocation of development resources is encouraging different construction methods that can reduce the cost of housing construction, including but not limited to modular construction.

Minnesota Housing has implemented cost containment measures in its funding selection process by identifying projects with high costs (based on Agency and industry standards) and requiring justification for those with higher-than-expected costs. Details can be found here: **Annual Cost Containment Report**

The state has identified limited resources as a barrier to the provision of affordable housing development. To increase the development of affordable housing, Minnesota Housing work with partners has consistently requested funds in the bonding bill for Housing Infrastructure Bonds to address the barrier of a lack of financing. Since 2012, the Legislature has authorized $45.5 million in resources specifically for Housing Infrastructure Bonds:

Year	Amount Appropriated (Millions)	Amount Awarded (Millions)	# of Multifamily Projects	# of Single Family Projects	# of Units
2012	$30	$30	8	5	472
2014	$80	$70	11	5	1,239
2015	$10	$20	4	4	162
2017	$55	$42	7	5	555
2018	$80	$29	14	6	464
2019	$60	$118	16	5	946
2020	$100	TBD	TBD	TBD	TBD
Totals	**$415**	**$309**	**60**	**30**	**3,838**

The Legislature also provides additional development resources in the agency's biennial budget. For FY 2020-21 they authorized:

1. $30.850 million for the Economic Development and Housing Challenge program to fund both multifamily rental and singly family homeownership new construction and redevelopment.
2. $4 million in the Greater Minnesota Workforce Housing Program for financial assistance to build market-rate and mix-income residential rental properties.
3. $8.436 million in preservation resources to assist with repair, rehabilitation and stabilization of federally assisted rental housing that is at risk of aging out of federal assistance programs
4. $7.486 million in rental rehabilitation loans to preserve rental housing in small communities
5. $5.544 million in single family rehabilitation loans to help low-income homeowners make basic health and safety improvements to their homes.
6. $2 million in funding for the manufactured home park redevelopment to provide grants for manufactured home park acquisition, improvements and infrastructure.

Actions taken to address obstacles to meeting underserved needs. 91.220(k); 91.320(j)

In its five-year plan, Minnesota identifies that the greatest unmet housing need is among extremely low-income renters (<30% are median income) and moderate income homeowners (51%-80% of are median income). To address that need: 1) DEED uses 85% of CDBG funds to assist low- and moderate-income households (i.e., defined by HUD as 80% or less of median income); and the remaining funds are used for community development; 2) Minnesota Housing allocates HOME resources to rental new construction and rehabilitation. In addition, while activities of the first NHTF project are not reported in this CAPER, 100% of households assisted must be extremely low-income.

The distribution of assistance shows that 59% of all households in HOME-assisted units reported (all years since 1992) were in the lowest income category (30% of area median or less), 32% were in the 31%-50% category, and 10% were in the 51%-80% category.

Under the Section 811 PRA Supportive Housing Program, HUD has awarded Minnesota three rounds of funding for a total of 325 units of project-based rental assistance to create integrated supportive housing for people with disabilities who are extremely low-income. Minnesota is focusing these units to serve people who are long-term homeless or leaving institutions of care. Minnesota Housing is implementing this program in collaboration with the Minnesota Department of Human Services (DHS). DHS coordinates outreach and referrals for 811 applicants and ensures that tenants are connected to service providers. The 811 PRA program is an important tool to support the goals of the state's Olmstead Plan to provide integrated housing options for people with disabilities. Minnesota Housing has awarded contracts to property owners for 159 units at 24 properties, there are currently 146 households living in Section 811 PRA units. Round Three will be awarded through a pipeline application and through the RFP process starting in Spring, 2021.

For the 2020-2021 biennium, the Minnesota Legislature appropriated funds to people with some of the greatest housing needs, including: $8.7 million through the Bridges program to provide rent assistance to households experiencing mental illness; $20.5 million for family homeless prevention and assistance; and $23.3 million for the state Housing Trust Fund, which provides rent assistance to households at the lowest income levels. In 2019, median annual household income for these programs were $10,224, $11,899 and $9,972 respectively.

In addition, in 2019, the Minnesota Legislature provided $3.5 million in base funding for the Homework Starts with Home initiate to provide rental assistance to families with school age children that are homeless or highly mobile. The Workforce Housing Development program received $4 million in base funding which provide development resources for housing in underserved communities in Greater Minnesota. The Legislature also authorized $60 million in Housing Infrastructure Bonds in 2019 and $100 million in 2020.

Minnesota Housing is also directing more development resources to projects intended to serve people with incomes at or below 30% AMI, people with disabilities and people experiencing homelessness or at-risk of homelessness. The 2019 RFP Selections included:

- Approximately 579 net new units (27 percent of total units), with and without rental assistance, that will be affordable to Minnesotans at this income level.
- A total of 221 units (10% of total units) specifically set aside to serve people with disabilities in 23 properties.
- A total of 556 units (27 percent of total units) will directly people experiencing homelessness who could benefit from permanent supportive housing. Fifty-two percent of these units will serve high priority homeless households who are households prioritized by the state's Coordinated Entry (CE) system.

Actions taken to reduce lead-based paint hazards. 91.220(k); 91.320(j)

DEED requires that all proposed housing rehabilitation projects on homes built prior to 1978 complete a lead risk assessment by a certified risk assessor. All lead hazards identified must be included in the rehabilitation work conducted by a certified renovator (EPA RRP training) and workers. A lead based paint abatement supervisor is required if the total lead work of the project exceeds $25,000. Grantees must provide all housing occupants the required handouts and lead hazard information pamphlet and collect owner acknowledgement of receipt. If lead is found through an assessment, all notices in 24 CFR Part 35 must be provided.

Actions taken to reduce the number of poverty-level families. 91.220(k); 91.320(j)

The Minnesota Family Investment Program (MFIP) is the state's major public assistance initiative for low-income families with children (funded with a combination of federal TANF and state funds). MFIP's three main goals are to help people leave and remain independent of welfare, obtain and keep jobs, and increase income/decrease poverty. Efforts to ensure that the state meets MFIP goals include: employment and job training services, health care assistance, and child care subsidies for MFIP families. This includes a diversionary work program that helps people to find employment before they reach the need for MFIP. The 2019 Minnesota Legislature approved the first increase (of $100/month) in 33 years to the MFIP monthly cash benefit.

In addition to administering ESG and state-funded homeless assistance programs, the Office of Economic Opportunity (OEO) at the Department of Human Services administers a variety of federal and state funded anti-poverty and self-sufficiency programs, allocating approximately $110 million a year in federal and state appropriations to more than 200 organizations and programs working with low-income families in Minnesota. These programs address families' basic social needs while providing opportunities for the development of the skills necessary for economic self-sufficiency, and include Federal and State Community Action Grants, Individual Development Accounts (IDA) programs, Supplemental Nutrition Assistance Program (SNAP) Education and Outreach, USDA Commodities (TEFAP) and Minnesota Food Shelf Funding (MFSP).

Actions taken to develop institutional structure. 91.220(k); 91.320(j)

Affordable housing and community development assistance in Minnesota depends upon a large network of local lenders, developers, housing authorities, real estate agents, community action agencies, nonprofit organizations, faith-based organizations, and local governments throughout the state. The state fosters cooperation through interagency task forces, councils, and other cooperative efforts identified in its ***Consolidated Plan for Housing and Community Development 2017-2021.***

DEED, DHS, and Minnesota Housing work to minimize assistance gaps and to coordinate available resources in a variety of ways: Minnesota Housing and its partners, such as the Metropolitan Council, issue joint requests for proposals and coordinate the process of reviewing and selecting proposals for funding with other agencies. HUD, the U.S. Department of Agriculture, and Minnesota Housing have an interagency agreement to align/reduce state and federal physical inspections of subsidized rental housing. Minnesota Housing and DHS have been working together to develop a more coordinated grant-making process for resources available through both agencies to address the needs of people experiencing homelessness.

In 2020 Minnesota Housing allocated $1.66 million in grants to local organizations under the Technical Assistance and Operating Support Program, which is funded through both legislative appropriations ($650,000 for the 2019-2020 biennium) and Minnesota Housing resources.

Actions taken to enhance coordination between public and private housing and social service agencies. 91.220(k); 91.320(j)

The state hosts a number of councils or work groups, including:

1. The Metro Interagency Stabilization Group (ISG), which works cooperatively to address policy and financing issues related to the stabilization and preservation of federally assisted and publicly funded rental housing in the Twin Cities metro area. ISG members include Minnesota Housing, the Family Housing Fund, the Minneapolis Community, Planning and Economic Development Department, the Saint Paul Planning and Economic Development Department, Hennepin County, HUD, and the Federal Home Loan Bank of Des Moines.
2. The Greater Minnesota Interagency Stabilization Group (ISG), is a consortium of public and nonprofit funders created to cooperatively address policy issues and financing for the preservation of federally assisted rental housing outside of the Twin Cities metro area. The participants include Minnesota Housing, HUD, USDA, DEED, Minnesota National Association of Housing and Redevelopment Officials (NAHRO), Federal Home Loan Bank of Des Moines, Duluth LISC, and the Greater Minnesota Housing Fund. By coordinating information about properties at risk of converting to market rate housing or at risk of loss due to physical deterioration, the participants are able to strategically target their combined resources.
3. The Minnesota Interagency Council on Homelessness, which includes 14 state agencies, works to investigate, review, and improve the current system of service delivery to people who are homeless or at risk of becoming homeless; improve coordination of resources and activities of all state agencies relating to homelessness; and advise Minnesota Housing in managing the Family Homelessness Prevention and Assistance Program (FHPAP). Some work of the council is supported by private foundations that fund certain activities under the state’s action plan.

4. The Stewardship Council, works to address the capital, service, and operating needs of supportive housing for homeless families and individuals. The council includes representatives from federal, state, and local agencies as well as private philanthropic organizations and nonprofit agencies.
5. The Minnesota HIV Housing Coalition, which facilitates access to quality housing and appropriate support services for individuals and families living with HIV in Minnesota. The Coalition advises the City of Minneapolis and Minnesota Housing on the expenditure of HOPWA funds.
6. The Olmstead Subcabinet, which includes13 state agencies/entities responsible for the development and implementation of the state's Olmstead Plan. The plan strives to ensure that Minnesotans with disabilities will have the opportunity to live, learn, work, and enjoy life in the most integrated setting of their choice.
7. A NOAH Working Group has been formed as a spin-off of the Interagency Stabilization Group. The group is an intergovernmental policy group focused on coordinating advocacy and funding efforts around the preservation of naturally-occurring-affordable-housing (NOAH) properties (which are affordable without government subsidies and income/rent restrictions) in the Twin Cities Metro Area. The group started meeting in the summer of 2020, and includes metro area cities, counties, The Metropolitan Council and intermediaries working on NOAH preservation. The first effort of the Working group has been to coordinate on NOAH data in order to have clear and consistent data (and methodology) about the number of NOAH properties and units in the Metro area. The group has also started a watchlist of NOAH properties that are or may be coming onto the market, in order to coordinate on preservation strategy and resources. This group will work to determine priority projects for preservation, as well as advocating for funding to help preserve NOAH properties.

Identify actions taken to overcome the effects of any impediments identified in the jurisdictions analysis of impediments to fair housing choice. 91.520(a)

State Agencies adopted the most current Analysis of Impediments to Fair Housing Choice in 2018 for FFY 2019-2021 and continue taking actions based on that three year plan.

The state submits the following actions taken in FFY 2020 to address impediments in its 2019 ***Analysis of Impediments to Fair Housing:***

State of Minnesota Analysis of Impediments to Fair Housing Choice
Federal Fiscal Year 2020 Report

Introduction

It is the policy of Minnesota Housing to affirmatively further fair housing throughout its programs so that individuals of similar income levels have equal access, regardless of protected class status. Minnesota Housing's fair housing policy incorporates the requirements of the Fair Housing Act, Title VII of the Civil Rights Act of 1968, as amended by the Fair Housing Amendment Act of 1988, as well as the Minnesota Human Rights Act. Fair Housing is an important issue across the country; it is crucial that low-income households have access to affordable housing free from discrimination in communities of their choice.

The State of Minnesota's current Analysis of Impediments to Fair Housing Choice (AI) and Action Plan were approved by Minnesota Housing's Board of Directors in September of 2018. Staff developed a three-year action plan to address challenges to fair housing choice for protected classes identified in the AI. This plan was developed to be flexible to respond to market or other forces that impact fair housing challenges. 2020 has brought new challenges not contemplated in the 2018 report, including the economic impacts of the pandemic and civil unrest that followed the death of George Floyd. In addition, HUD recently replaced the Affirmatively Furthering Fair Housing rule which alters fair housing planning and reporting requirements.

The following report reflects activities through all of Minnesota Housing's programming as well as includes actions in collaboration with the following state partners:

- Department of Human Services (DHS)
- Department of Human Rights (DHR)
- Department of Employment and Economic Development (DEED)
- Minnesota Interagency Council on Homelessness
- Olmstead Implementation Office

The goals areas reflect in the AI are to:

1) Address Disproportionate Housing Needs
2) Address Discrimination and Improve Opportunities for Mobility
3) Expand Access to Housing for Persons with Disabilities
4) Address Limited Knowledge of Fair Housing Laws through Education, Outreach and Developing Tools and Resources
5) Decrease the Loss of Housing Through Displacement and Eviction

Goal 1: Address Disproportionate Housing Needs

In this goal area, the State of Minnesota seeks to identify programmatic funding or collaborative responses that can support efforts to increase housing opportunities through expanded or streamlined existing funding resources and through collaboration with a variety of partners to provide services and information and identify other resources.

This goal area addresses a variety of challenges in the housing market faced by households of color and Indigenous communities[1], persons with disabilities, and large families to achieve access to safe quality housing in a community of their choice.

Challenge 1.a. | Rental Housing in Poor Condition

Rental housing in poor condition is the top barrier found across the state, particularly for the most vulnerable low-income renters from protected classes under fair housing law. Minnesota Housing and partners prioritize preserving federally assisted housing and existing affordable housing to ensure conditions are safe as part of the state's key actions to improve conditions. Additionally, supporting tenant education of their rights helps to address this challenge.

Action: Continue and consider expanding programs to support small rental developments (5-50 units) through continued funding of public housing rehabilitation programs and supporting smaller PHAs to build capacity.

Publicly Owned Housing Program (POHP):

POHP is a competitive funding program that uses the proceeds of General Obligation Bonds (GO) to provide financing in the form of a 20-year, deferred, forgivable loan with a 35-year affordability period to public housing authorities and agencies (PHAs). PHAs use these loans to rehabilitate and preserve public housing in the state. Funds can be used only for capital costs that add value or life to the buildings.

In order to balance PHA capacity with program requirements, POHP program staff has worked to streamline the POHP application to a more concept-based approach. Applicants no longer need to order third party reports, nor provide an exact development budget at application. If the applicant moves beyond the application phase, those elements are completed with the assistance of POHP staff post-selection.

Minnesota Housing staff provides each POHP applicant with an individual technical assistance session prior to the application deadline. During these technical assistance sessions, POHP staff explains general program guidelines and learns more about each applicant's proposed rehabilitation project. This outreach has been beneficial in improving the quality of applications and encouraging smaller PHAs and HRAs with limited capacity to apply for the first time. Technical assistance is also provided post-selection to applicants during the due diligence process and prior to the loan closing process. Program staff has also previously participated in the Minnesota NAHRO conference to provide program information and additional technical assistance.

These changes have benefitted PHA applicants by simplifying the process and reducing the cost of applying for Agency funds. It has also benefitted POHP staff by allowing them to provide more in-depth technical assistance and help boost the capacity of the smaller number of selected borrowers.

[1] The Analysis of Impediments plan uses the term "People of Color or Hispanic Ethnicity" – in this report, the term "People of Color and Indigenous Communities" will be used interchangeably as consistent with Minnesota Housing's most recently adopted Strategic Plan.

Rental Rehabilitation Deferred Loan Program (RRDL):

The RRDL program provides resources to rehabilitate existing rental housing in Greater Minnesota so that affordability is preserved and low to moderate income households have access to safe and decent housing.

in 2019, an RFP was held specifically for RD projects. RRDL resources were made available to any owner of RD buildings of eight or more units in the form of a 20-year deferred loan up to $500,000 (or $35,000/unit maximum) with 10% forgiveness at the end of the loan term. In March 2020, selections were approved. Selections included 21 projects, encompassing 544 units. Funds have been committed to address critical deferred maintenance and accessibility issues in these projects.

Action: Investigate resources for quick response fund for life/safety concerns by continuing and considering expansion of resources for developments currently in Minnesota Housing's portfolio and considering establishment of a receivership revolving loan fund under state statute 504B.451.

Asset Management Loan Program (FA/FAF):

The Asset Management Loan program provides resources on a pipeline basis to address immediate critical repairs, and deferred maintenance. Part of the funding for this program comes from Financing Adjustment and Financing Adjustment Factor (FA/FAF), which are federal funds.

In year 2, two loans, totaling approximately $3million were closed, which stabilized 50 units of Project Based Section 8 housing in 2 projects.

Action: Continue support for HOME Line as a hotline for tenants' rights.

Minnesota Housing entered into a new two-year funding contract with HOME Line in the amount of $400,000 in August of 2019, continuing funding from previous years at similar amounts. In Federal Fiscal Year 2020, HOME Line fielded 14,447 tenant calls, most common reasons related to repairs, security deposits, and evictions.

Challenge 1.b. | Insufficient housing for large families

In Minnesota, large families and immigrant families face much higher rates of cost burden and overcrowding than other types of renters. Large families are also disproportionately affected by difficulties in finding landlords who accept Section 8 and are met with markets with smaller units. Single family homes are often better sized and configured for larger families.

Action: For rental development resources, continue to provide points for large family housing in selection criteria of Minnesota Housing funding resources, including through the Low Income Housing Tax Credit Qualified Allocation Plan.

Minnesota Housing recognizes the need to improve the housing system. This includes focusing on the people and places most impacted, especially children. The 2020 Qualified Allocation Plan (QAP) and 2020 HTC Self-Scoring Worksheet (SSW) incentivized the development of affordable rental housing for families with children in two ways.

First, the QAP contained a family housing threshold option reserved for projects in the metropolitan area where at least 75 percent of the total tax credit units contained two or more bedrooms and at least one-third of the 75 percent contained three or more bedrooms. Outside of the metropolitan area, projects could meet a locally identified housing need, which could include family housing.

Second, the SSW offered opportunities for projects to claim 5-7 points for large family housing with two or more bedrooms if the proposal was for a project that provided family housing that was not restricted to persons 55 years old or older. The owner agreed to market to families with minor children. Additionally, Greater Minnesota proposals were eligible for additional points for proposals that contained units with three or more bedrooms.

In the 2019 RFP/2020 HTC Round 1, 23 projects (60%) claimed large family housing points.

Action: For homeownership activities, continue to support the enhanced financial capacity program in reaching large immigrant families, prioritize large family housing in the Impact Fund, provide priorities for large families in down payment assistance, and evaluate how these priorities reach large families.

In FFY 2020 Minnesota Housing provided affordable first mortgage loans to 1,077 households with four or more people.

In FFY 2020, 48% of households receiving financial wellness coaching in the Homeownership Capacity program had 4 or more people.

In FFY 2020, 40% of the households served under the Agency's Impact Fund development program had four or more people.

Challenge 1.c. | Homeownership and mortgage lending gaps

Minnesota experiences one of the largest racial disparities in homeownership in the country, consistently in the bottom three states. Homeownership represents one of the most common wealth building opportunities for households and provides stability for families. A disparity in homeownership rates for Black, Indigenous, and people of color (BIPOC) exacerbates racial disparities in education, health and other outcomes.

Action: Enhance and continue partnerships to remove barriers to homeownership and reduce the lending gaps between BIPOC and white non-Hispanic households, as well as continue supporting and strengthening the Homeownership Opportunity Alliance.

In FFY 2020, 34.3% of Minnesota Housing's Start Up program first time homebuyer loans went to BIPOC households (1,473 of 4,328 loans).

Homeownership Opportunity Alliance:

Minnesota Housing co-leads (with the Minnesota Homeownership Center) an industry-wide coalition to expand homeownership for households of color, called the Homeownership Opportunity Alliance (HOA). The ultimate goal of this coalition is to collaboratively develop partnerships, programs, resources and best practices as a catalyst to systemic change that advances homeownership equity in Minnesota. The HOA provides outreach to BIPOC communities through their "Get Ready. Be Ready!" campaign to connect BIPOC households with homebuyer education services and build awareness that homeownership is possible.

In FFY 2020 the HOA accomplished the following:

- Expanded participation to 45 organizations with over 100 individual members.
- Continued the "Get Ready. Be Ready!" campaign outreach and marketing to the African American and African Immigrant communities, including radio, print, and social media efforts. Examples include:
  - Held a homeownership community conversation event in partnership with Al McFarlane
  - Held a homeownership community event in partnership with the Minnesota Chapter of the Somali North American Business Professionals, Inc. (SNABPI)
- Expanded efforts to Greater Minnesota through
  - Recruited several new organizations located in Greater Minnesota.
  - Held a Homeownership industry partner and community event in Rochester.
- Expanded social media presence and activity through Facebook and LinkedIn.
- Developed a tool for lenders to assess and measure progress towards serving more BIPOC households

Action: Identify homeownership education activities occurring in the market and evaluate program activities; this includes the Homebuyer Education Counseling, and Training (HECAT) program at Minnesota Housing, supporting partners in working on initiatives to help households save for down payments, and other homeownership capacity activities:

Homeownership education, counseling, and coaching programs

As the Agency's two homeownership education, counseling, and coaching programs moved from a one-year to two-year cycle, it has given better opportunities to proactively reach out to new potential providers, especially those reaching BIPOC communities and underserved geographic areas of the state. We have also been able to work with our key program partners regarding potential increases in foreclosure counseling due to the COVID-19 pandemic.

Action: Partner with Tribal Nations to consider strategies to increase homeownership for American Indian households both on and off tribal lands, including continued work on the feasibility of eventual tenant ownership for eligible tax credit properties and conducting a mortgage lending session at bi-annual Indian Housing conference.

The Agency and its tribal partners are in the final stages of developing an updated Tribal Indian Housing Program (TIHP) manual, which should increase homeownership opportunities for indigenous households throughout the state.

Challenge 1.d. | Very high standards for rentals

When rental properties require standards out of reach for many renters, the barriers to getting housing increase dramatically, especially in a very tight rental market, and impact people of color, people with disabilities and large families most dramatically. Properties often require three times income, high security deposits, and require no past record of criminal activities or credit problems.

Action: If found effective, seek additional resources to expand the Landlord Risk Mitigation Fund program to help address housing needs of persons with criminal records, substance abuse challenges and other barriers.

The Landlord Risk Mitigation Fund (LRMF), administered by Minnesota Housing, provides financial assurances for landlords concerned about additional risks related to damaged property, non-payment of rent, or evictions costs. Landlords renting to tenants enrolled in these programs can access reimbursement from these funds when damages and expenses exceed a tenant's security deposit.

Between the period of September 1, 2017, the start of the landlord risk mitigation fund pilot, and August 31, 2020, 103 households with significant barriers have obtained housing. There have been seven landlord claims, or 7.69% of total households. The following tables offer detailed information on household served by subpopulations and race:

Subpopulations	Percent*
Veteran	2.9
Chronically Homeless	21.9
Long-Term Homeless	53
Discharged from Jail/Prison	11.7
Domestic Violence at any point in reporting period	41.7
Fleeing domestic violence	19.4
Disability of Long Duration	39.2
Chronic Health Condition	4.4
Physical Disability	9.3
Serious Mental illness	26.7
Substance Use Disorder	13.7
Developmental Disability	3.7
HIV/AIDS	0.6

Race	Percent*
White	52.9
Black or African-American	29.0
Multiple Races	10.5
American Indian or Alaska Native	5.0
Asian	1.0
Native Hawaiian	0.2
Don’t Know/Missing/Refused	1.4

Rounded

Due to the success of the landlord risk mitigation fund program to date, Minnesota Housing obtained board approval to provide a two-year contract extension to the three current grantees. We are utilizing Family Homeless Prevention and Assistance funds to provide continued housing navigation staffing and administration costs. Due to the limited use of the landlord fund, we did not need to increase funding for this pool.

Action: Regularly provide informational materials on best practices related to tenant selection plans to owners and manager of properties of Minnesota Housing financed rental developments.

Minnesota Housing's Supportive Housing team has been leading continuing efforts to expand Tenant Selection Planning guidance and requirements to break down barriers to accessing housing. This year after robust community engagement, the TSP requirements were revised and sent out for public comment through two revisions with a final plan to go to the Minnesota Housing board in December 2020 for adoption. The proposed changes to tenant screening criteria and processes will remove some housing access barriers for people most impacted by exclusionary screening criteria. Changes include:

- Adding a requirement to review mitigating evidence from applicants at the time of application
- Adding criteria that limits the review of housing history, credit and income requirements for all units
- For supportive housing units, removing or limiting screening criteria for people experiencing homelessness and/or with disabilities:
    - Applicants cannot be rejected based on housing and credit history and cannot require an income to rent ratio. These are common barriers for people experiencing homelessness and housing instability.
- Limiting criminal screening criteria to address the disparate impact for people of color and people who have been homeless.

Challenge 1.e. | Affordable housing and landlords accepting housing choice vouchers only located in higher poverty areas

When a household receives a tenant-based Housing Choice Voucher, they are able to find housing of their choice in the marketplace. However, voucher holders face many barriers in utilizing vouchers and often face landlords who do not accept the voucher or have rents above payment standards.

Action: Continue to prohibit properties with funding through Minnesota Housing from refusing to lease to a tenant based on the status of the tenant as a voucher-holder or recipient of similar rental assistance.

Owners of properties financed through Minnesota Housing cannot refuse to lease a unit in the project because the applicant holds a voucher. Compliance of this requirement is monitored through affordability period.

We have made two significant proposed policy changes to the proposed 2022-2023 LIHTC Qualified Allocation Plan.

First, we recommended adding the following requirements for LIHTC (9% and 4%) and deferred projects: Must set aside a minimum of 2% of units with rents restricted at 30% MTSP rent levels. Must set aside a minimum of 3% of unit rents at or below the housing assistance payment (HAP) standard, which may be the same units as the 30% MTSP units or different units.

Second, we recommended creating a pointing incentive for deeper rent targeting with four new point tiers ranging from 5-9%, 10-19%, 20-29%, and 30-40% of total units with rents at 30% of MTSP. Rents at the lower 30% MTSP limits align much better with HAP standards than LIHTC rents at 50% or 60% MTSP limits, which exceed the HAP payment standard in some markets.

The QAP also provides geographic scoring incentives for locations with greater housing affordability needs, which are defined as places with a low share of affordable rental housing as compared to all housing options in a community or a large share of renters that are cost burdened by their rent.

Goal 2: Address Discrimination and Improve Opportunities for Mobility

In this goal area, the State of Minnesota intends to identify strategic and collaborative approaches to consider both place-based solutions and mobility solutions to provide households access to housing in communities of their choice.

Challenge 2.a. | Non-white and Hispanic residents are disproportionately segregated into some, often high poverty neighborhoods

Decades of housing policies that racially segregated communities and continued implicit and explicit practices disproportionately limit choice of households of color and Indigenous communities in Minnesota.

Action: Support efforts to review where investments in creation, preservation, and rehabilitation of affordable housing is occurring relative to areas of concentrated poverty and economic opportunity to encourage a full range of housing choices. (For example, helping to keep HousingLink's Low Income Housing Tax Credit development database current to report distributions).

Minnesota Housing annually reviews the distribution of investments in affordable housing. The Low income Housing Tax Credit is the predominant tool for financing new affordable housing. New LIHTC unit financed by Minnesota Housing between 2005 and 2019 are spread throughout the Twin Cities Metropolitan Region, with 10 percent of these units located in HUD's defined "Racially and Ethnically Concentrated Areas of Poverty".

Minnesota Housing provides ongoing support of the HousingLink Streams database, which includes LIHTC and other affordable housing to make data accessible for analysis.

Challenge 2.b. | Challenges in accessing housing in concentrated areas of wealth or other opportunities

Households of color or Indigenous communities, large families, and voucher holders disproportionately lack access to housing in concentrated areas of wealth or other opportunities.

Action: Evaluate and continue solutions that mitigate barriers to developing housing in areas of wealth or other opportunities. (For example, address barrier of NIMBYism).

Through its Intermediary Capacity Building Grant program, Minnesota Housing provides grants to organizations to provide a combination of pass-through grants and technical assistance to cities and organizations. One intermediary grantee, Minnesota Housing Partnership (MHP), provides Housing Institutes in Greater Minnesota to make significant progress toward the development, rehab, or preservation of affordable housing units or other positive community housing outcomes. The technical assistance MHP provides, together with pass-through grant dollars to fund the development of planning efforts allow grantees in Greater Minnesota to be better positioned to address their affordable housing needs. In the metropolitan Twin Cities Region, Intermediary Grantee Urban Land Institute (ULI), provides "Navigating Your Competitive Future" workshops for suburban, primarily higher wealth communities. ULI provides approximately ten workshops per year. The format is a two-hour interactive workshop outlining the need for communities to be responsive to demographic changes and feature presentations of national and state-wide trends, focused community change data, a panel discussion and interaction with workshop participants. ULI also provides deeper assistance through half-day Technical Assistance Panels (TAPs), which are focused dialogues and technical review of the development potential on a particular site or a local development issue.

Minnesota Housing hosted a series of three Greater Minnesota engagement and technical assistance sessions about our multifamily and single-family resources. These events were well-attended, and the audience included city and county staff and community partners. We held these sessions in response to hearing from cities that they wanted to have a more active role in affordable housing development, but did not know where to begin or how to access these resources. In addition to these sessions, in the Fall of 2020, we also participated in a number of convenings hosted by our partners (League of Minnesota Cities and Southeast Minnesota Together) to provide a similar overview of our resources and how to connect with the Agency for next steps.

Action: Monitor any proposed regulatory changes regarding source of income protections.

Minnesota Housing is evaluating source of income protection work at the City of Minneapolis and other local jurisdictions through policy and community development efforts.

Challenge 2.c. | Challenges accessing economic and other opportunities

Racially segregated communities have experienced disinvestment and continue to experience disinvestment that reduces economic opportunities in these communities. Accessing opportunities disproportionately impacts persons with Limited English Proficiency.

Action: Promote contracting opportunities for women and Black, Indigenous, and People of Color-owned business entities in all programs.

Minnesota Housing promotes contracting opportunities for women and BIPOC business entities through multifamily and single family programs.

For single family programs, the Impact Fund development program provides an incentive for applicants led by BIPOC and women.

For multifamily, this year, Minnesota Housing has proposed three significant changes in the 2022-2023 Qualified Allocation Plan (QAP) to address challenges accessing economic and other opportunities, specifically for individuals and groups who have faced historic housing discrimination and want to participate in the development or management of affordable housing.

First, we recommended to retitle the Minority-owned/Women-owned Business Enterprise (MBE/WBE) scoring criterion as Black, Indigenous, and People of Color-owned/Women-owned Business Enterprise (BIPOCBE/WBE) to make clear that the criterion includes black, indigenous and People of Color-owned businesses.

Second, we recommended adding additional opportunities for selection points for projects that include two or more key members of the development team who are BIPOCBE/WBE. Sixty six percent of submitted applications under the 2020 QAP/2019 RFP had at least one BIPOCBE/WBE team member. The additional points create greater incentive for multiple development team members to be BIPOCBE/WBE individuals or majority businesses.

Third, we recommended adding additional opportunities for selection points for projects where the project sponsor, general contractor, architect or management agent has a partnership with a BIPOCBE/WBE entity with the goal of building the BIPOCBE/WBE entity's capacity to develop, manage, construct, design or own affordable housing in the future.

Minnesota Housing also have hiring process goals for BIPOCBE/WBE that apply to all projects receiving Agency deferred loan funding, including federal and non-federal sources. The goals are designed to achieve certain outcomes of BIPOCBE/WBE participation at the development and subcontractor level. The participation goals are:

- BIPOCBE:
    - Twin Cities metro: 13% of the total amount of all contracts
    - Greater MN: 4% of the total amount of all contacts
- WBE:
    - Entire state: 6% of the total amount of all contracts

Staff evaluated 2019 Contractor Compliance Activity Reports (CCAR) and other data that provides evidence for dedicated work in this space.

- Of six Twin Cities Metro projects, none met the MBE goal of 13% and two met the WBE goal of 6%
- Of eight Greater MN projects, one met the MBE goal of 4% and five met the WBE goal of 6%

Action: Continue to support the preservation of affordable housing opportunities as a strategy for community investment.

Minnesota Housing continues to be involved in a rural preservation workgroup. USDA Rural Development 515 properties have unique preservation challenges, and Minnesota Housing includes a set aside in the Low-Income Housing Tax Credit program and has recently partnered with USDA RD to create a specific initiative under the Rental Rehabilitation Deferred Loan program on 515 properties.

Minnesota Housing is also the contract administrator for the Performance Based and Traditional Contract administration programs for project-based Section 8 properties in Minnesota. This administrative work with these properties allows the state to better understand and address the preservation needs of these properties.

Goal 3: Expand Access to Housing for Persons with Disabilities

The State of Minnesota seeks to identify collaborative and programmatic funding responses to rehabilitate and create new accessible affordable housing options, support accessibility improvements in single units, and help people with disabilities transition into independent living settings.

Challenge 3.a. | Shortage of affordable, accessible housing

For people with disabilities, simply acquiring housing and remaining housed are significant challenges. Wait lists for affordable, accessible housing are years long in many rural areas.

Action: Evaluate and enhance existing funding resources to provide preference in housing developments for persons with disabilities, including preference points in the Low income Housing Tax Credit Qualified Allocation Plan and other competitive capital funding resources.

Multifamily Request for Proposals and Low Income Housing Tax Credit Allocation:
Minnesota Housing recognizes the need to improve the housing system. This includes supporting people with disabilities. The 2020 Qualified Allocation Plan (QAP) and 2020 HTC Self-Scoring Worksheet (SSW) incentivized the development of affordable rental housing serving people with disabilities in two ways.

First, projects selected through the QAP must meet one of five threshold areas and one specifically pertains to housing persons with disabilities. Projects without age restrictions can achieve this threshold through a percentage of the units set aside and rented to persons who meet one of five definitions related to disabilities.

Second, the SSW offered opportunities for projects to claim 7-10 selection points for units set aside for people with disabilities.

Publicly Owned Housing Program:

Out of the 2018 POHP projects (which were approved in spring 2019, and are mostly under construction), Blue Mound Tower added an ADA door opener to the building to improve accessibility for disabled residents. The 2018 POHP projects also included several elevator modernizations and walkway improvements, which improves accessibility and safety for all residents. With the approved 2020 bonding bill, staff will continue to prioritize accessibility and health and safety items for funding.

Rental Rehabilitation Deferred Loan Program (RRDL):
in 2019, Minnesota Housing carried out an RFP specifically for USDA Rural Development (RD) properties. RRDL resources were made available to owners of RD buildings of eight or more units in the form of a 20-year deferred loan up to $500,000 (or $35,000/unit maximum) with 10% forgiveness at the end of the loan term. In March 2020, selections were approved. Selections included 21 projects, encompassing 544 units. Funds have been committed to address critical deferred maintenance and accessibility issues in these projects. Approximately 65% of RD households are elderly or disabled, and the average household income is $13,551. Improvements in selected projects included walkway and pavement fixes, elevator upgrades, and other items designed to improve the overall accessibility and livability of these buildings.

Action: If found effective, seek additional resources to expand the Landlord Risk Mitigation Fund program.

Action within Challenge 1.b. above discusses the LRMF program activities.

Challenge 3.b. | Shortage of resources to make accessibility improvements
If a voucher holder requires a reasonable accommodation, PHAs may not have the resources available to assist with the accommodation. There are also not resources to assist non voucher holders in accessibility improvements more broadly.

Action: Provide education and outreach of existing homeownership programs to make accessibility improvements, including streamlining Minnesota Housing's Rehab Loan Program to make program more accessible to lenders, and promote to seniors and persons with disabilities, evaluating the Impact Fund projects for accessibility improvements, continuing to promote Minnesota Housing's Fix Up Fund for persons with disabilities, and continuing to provide priorities for down payment assistance.

Fix Up loan program:
During FFY 2020, Minnesota Housing provided home improvement loans to at least 16 households with a disability.

Rehabilitation Loan Program (RLP):

In FFY 2020, 48% of the households served by the income-targeted RLP (an income at or below 30% area median income) had at least one household member with a disability.

Homeownership Programs:
In FFY 2020, Minnesota Housing provided affordable first mortgage loans to at least 46 households with disabilities, all of whom also received a Minnesota Housing down payment and closing cost loan.

Challenge 3.c. | Shortage of resources to transition to independent living settings
There is a shortage of workers to help transition to and support independent living, and processes to apply for supports are complex and onerous.

Action: Collaborate with housing and supports activities in the state's Olmstead Plan and initiatives that increase the number of people with disabilities who live in the most integrated housing of their choice.

There are several key activities in the Olmstead workplan related to housing and services in partnership with Minnesota Housing. These include:

- The Bridges program (described below)
- The Section 811 program (described below)
- Ensuring HousingLink's products and services serve people with disabilities.

Action: Minnesota Housing will continue to provide rental assistance to persons with serious mental illness and evaluate program effectiveness.

The Bridges Rental Assistance program provides housing assistance for people with very low incomes and a mental illness while they wait for a Housing Choice Voucher or another rental subsidy. Eligible uses for Bridges funding include temporary rental assistance payments and security deposits paid directly to landlords on behalf of qualified participants. In FFY 2020, the Bridges program served 750 households.

Action: Minnesota Housing and DHS will continue implementation of the Section 811 rental assistance pilot, partner with HUD in program evaluation, and if found effective, consider other funding sources available for similar program should no further federal assistance become available.

Under the Section 811 PRA Supportive Housing Program, HUD has awarded Minnesota three rounds of funding for a total of 325 units of project-based rental assistance to create integrated supportive housing for people with disabilities who are extremely low-income. Minnesota is focusing these units to serve people who are long-term homeless or leaving institutions of care. The 811 program households have average incomes less than $10,000 annually and are receiving on average, monthly assistance of about $580. All households include an individual with a disability and half of households identify as a person of color or from Indigenous communities. Minnesota Housing is implementing this program in collaboration with the Minnesota Department of Human Services (DHS). DHS coordinates outreach and referrals for 811 applicants and ensures that tenants are connected to service providers. The 811 PRA program is an important tool to support the goals of the state's Olmstead Plan to provide integrated housing options for people with disabilities. Minnesota Housing has awarded contracts to property owners for 159 units at 24 properties, and there are currently 146 households living in Section 811 PRA units. Round Three will be awarded through a pipeline application and through the RFP process starting in Spring, 2021.

Action: Other programmatic action to provide resources to transition into independent living settings, Housing Infrastructure Bonds

In 2018, the Minnesota State Legislature created a new eligible use for Housing Infrastructure Bonds targeting individuals with Behavioral Health needs (people with mental illness or substance use disorders). This new eligible use was created via a separate standing legislative authorization for Permanent Supportive Housing for these populations without requiring tenants to meet specific homeless criteria, thus providing independent living settings.

Over the past two RFP funding cycles, Minnesota has created or preserved 353 units of housing for people with behavioral health needs. In the second year, 165 units of housing for people with behavioral health needs were created or preserved.

Goal 4: Address Limited Knowledge of Fair Housing Laws Through Education, Outreach, and Developing Tools and Resources

The State of Minnesota will engage in collaborative approaches to expand education efforts by partnering with the Department of Human Rights, participation in conferences, and sustaining and improving tools like the Affirmative Fair Housing Marketing Toolkit.

Challenge 4.a. | Limited knowledge of fair housing laws and resources

A perennial fair housing issue is lack of knowledge. Tenants, landlords, lenders, and borrowers do not always know their rights or responsibilities. In addition, we need to strengthen relationships with other Fair Housing entities and partners.

Action: Support efforts to maintain and promote the FairHousingMN.org website and online tool to develop Affirmative Fair Housing Marketing Plans and expand education and oversite of AFHMPs in Minnesota Housing's portfolios

In FFY 2020, reviews of AFHMP's were included with all physical inspections conducted by compliance officers on properties financed with Housing Tax Credits, HOME, National Housing Trust, and/or agency deferred loans. The task was added to each physical inspection to track these reviews in Minnesota Housing's system. The AFHMP review task is considered completed after the review or the compliance officer determines that the review is not applicable because the property is not required to have an AFHMP or the AFHMP is already reviewed by another staff person or entity.

As of 9/30/2020, of the 278 inspections due in CY 2020, 76 AFHMP's have been successfully reviewed, 110 were not applicable, and the remaining inspections are not yet completed.

Action: Work with Minnesota Department of Human Rights, Minnesota NAHRO, Minnesota Multi Housing Association and similar organizations to provide education regarding housing discrimination laws through their annual conferences.

Minnesota Housing staff continues to meet with industry partners to explore the possibilities of training multifamily property owners, managers and service providers on fair housing. Meetings are conducted with Minnesota Multi Housing Association (MHA), Minnesota NAHRO and HUD, to brainstorm for and develop trainings on current issues to attract attendees and educate them in fair housing.

Training session topics are developed by reaching out to MHA members, as well as Minnesota Housing customers, to determine where gaps in knowledge exist and further training is desired.

The 2020 Working Together Conference was virtual, with fewer and less targeted sessions than in previous years, but the conference explicitly included fair housing related topics into two of the conferences six sessions:

- Fair Housing
- Understanding Implicit Bias

Action: Continue to support educational opportunities and outreach efforts with suburban community elected and appointed officials to understand the important and effectively plan for a full range of housing choices.

As described under 2.b, the Urban Land Institute's "Navigating Your Competitive Future" workshops are offered for suburban communities and participants include both elected and appointed officials. Minnesota Housing also regularly participates in Regional Council of Mayor's meetings and Metro Cities housing policy meetings, and Minnesota Housing's Commissioner has spoken to both of these constituencies about the importance of housing that is affordable and equitable.

Action: Distribute fair housing educational materials at annual conferences, public venues, and other opportunities.

COVID restrictions prevented Minnesota Housing from promoting fair housing at public events.

Minnesota Housing's internal cultural competency committee hosts monthly events that are often directly related to fair housing issues. The agency hosted a specific fair housing training in April for Fair Housing month. Agency staff are required to attend 4 hours of training through this program each year.

Action: Each State CDBG Grantee must complete at least one fair housing activity each year.

Each of the 139 State CDBG grantees completed at least one unique fair housing activity each reporting period.

DEED Small Cities Development Program (SCDP) staff carries out education efforts for grantees and potential grantees on fair housing and equal opportunity topics during SCDP Implementation trainings and application webinar trainings.

DEED staff distributed Fair Housing and Equal Opportunity brochures and posters (multiple languages) to attendees during events focused on engagement and outreach efforts and during individual technical assistance with grantees throughout the year.

Action: Build relationships and internal capacity for Fair Housing related work

There are three key areas where Minnesota Housing strengthened its Fair Housing work this year. The first involves improvements to the process through which the Agency provides HUD updated data on LIHTC selected projects to keep HUD's LIHTC database current. The second involves annual coordination with both HUD and the Minnesota Department of Human Rights when we identify properties and management companies that have violated Minnesota Housing's Fair Housing policy. This information is used to report any Fair Housing violation to the IRS through the 8823 process for LIHTC projects and is used to determine applicable penalties associated with any new applicants for LIHTC funding as outlined in the paragraph below.

Minnesota Housing has clarified in the proposed 2022-2023 LIHTC Qualified Allocation Plan that entities that fail to comply with Minnesota Housing's policies, procedures or requirements may be penalized according to Minnesota Housing's Fair Housing Policy, up to an including disqualification of the application. In addition, Minnesota Housing may impose up to a negative 35-point penalty on future LIHTC applications for all parties involved in the ownership and/or management of the development(s) that are in non-compliance. The penalty points will be assessed in four funding rounds (generally two calendar years).

Goal 5: Decrease the Loss of Housing Through Displacement and Eviction

To move towards this goal, the State of Minnesota will identify opportunities to support preservation of Naturally Occurring Affordable Housing (NOAH) and other ways to mitigate the effects of displacement or evictions.

Challenge 5.a. | Redevelopment displacing current renters of Naturally Occurring Affordable Housing (NOAH)

NOAH properties reflect a large stock of homes that are affordable to lower income households and are without subsidy. Redevelopment of NOAH properties is displacing current residents, and is predominantly occurring gin the Twin Cities Region. It is estimated that Minnesota is losing 2,000 units every year.

Action: Continue support of the NOAH Impact Fund and partner with the Greater Minnesota Housing Fund to evaluate the effectiveness of the fund.

Naturally occurring affordable housing (NOAH) is unsubsidized housing that is affordable to moderate- and low-income renters. An increasing number of naturally affordable rental developments are being converted to higher-market rents or are simply operated under poor management and in disrepair. These conditions threaten the stability of families and communities, and these impacts disproportionately impact persons of color and persons with disabilities.   Minnesota Housing has joined with the Greater Minnesota Housing Fund to invest in the NOAH Impact Fund to finance the acquisition and preservation of naturally affordable class B and Class C rental housing in partnership with high performing owner-operators with the shared social goal of preserving affordability for the long term.

This year, Minnesota Housing nearly completed an initial $5 million investment and committed to an additional $5 million for the next phase of the fund.

Action: Monitor state legislation regarding right of first refusal and opportunity to purchase measures for manufactured home parks (tenant purchase rights) and consider the next steps for Minnesota Housing related to the preservation of manufactured home parks to address critical infrastructure issues that limit preservation opportunities, or offset/replace opportunities that are no longer available.

Minnesota Housing is in the process of awarding its first round of Manufactured Home Community Redevelopment Program infrastructure grants with $2 million from the Minnesota state legislature.

Action: Other NOAH actions – NOAH Working Group

A NOAH Working Group has been formed as a spin-off of the Interagency Stabilization Group. The group is an intergovernmental policy group focused on coordinating advocacy and funding efforts around the preservation of NOAH properties in the Twin Cities Metro Area. The group started meeting in the summer of 2020, and includes metro area cities, counties, The Metropolitan Council and intermediaries working on NOAH preservation. The first effort of the Working group has been to coordinate on NOAH data in order to have clear and consistent data (and methodology) about the number of NOAH properties and units in the Metro area. The group has also started a watchlist of NOAH properties that are or may be coming onto the market, in order to coordinate on preservation strategy and resources. This group will work to determine priority projects for preservation, as well as advocating for funding to help preserve NOAH properties.

Challenge 5.b. | Eviction filings negatively impact renters regardless of outcome

Evictions disproportionately impact households of color and Indigenous communities and even an eviction filing will raise ongoing barriers to accessing housing.

Action: Monitor work to define and limit predatory rental practices, including questionable eviction practices and poor conditions of rental units.

Minnesota Housing policy and community development staff are tracking and evaluating the work of local jurisdictions related to this, including in Minneapolis. Further work will be done in later years of the work plan. Through the Governor and Lt. Governor's COVID-response workgroups, Minnesota Housing is also convening an interagency work group on Housing Stability whose work includes developing recommendations for eviction prevention strategies at the end of the peacetime emergency.

Action: Eviction Prevention Programming Activities

The Family Homeless Prevention and Assistance Program (FHPAP) and COVID-19 Housing Assistance Program provide financial assistance to households at risk of losing their housing.

Funds for the FHPAP are specifically targeted to households most at risk of eviction, such as households who will lose their housing within 14-30 days. From July 1, 2019 to June 30, 2020, FHPAP provided 2,578 households with assistance to prevent the loss of housing,

The COVID-19 Housing Assistance Program launched August 24, 2020 and has the same intent to prevent the loss of housing. It is anticipated that 30,000 households will be served from August, 2020-December, 2020.

The 2016 Wilder Homeless Survey established that households who are non-white are at greater risk of homelessness. From July 1, 2019-June 30, 2020, 54% of FHPAP households were non-white. Black and indigenous households were more likely to wait longer periods of time to achieve stable housing while in the program. This may indicate inequity in being able to access housing in the same amount of time as non-white households. For the COVID-19 Housing Assistance Program, 57% of the households who applied in the first month of the program were non-white. We will continue to collect and evaluate this data to make program improvements.

One asset of FHPAP and COVID-19 Housing Assistance Program is that they have staff who work with landlords to mitigate the housing emergency and prevent loss of housing. The programs are marketed to landlords as an option for assisting households prior to filing evictions. Many new landlord relationships have been successfully developed with grant administrators. In Clay County, landlords are reaching out to the FHPAP provider who also provides mediation. In Ramsey County, landlords are reaching out to the COVID-19 Housing Assistance Program provider before filing evictions. In St. Louis County and Anoka County, legal aid is part of the FHPAP program to assist households to mediate with landlords prior to eviction.

CR-40 - Monitoring 91.220 and 91.230

Describe the standards and procedures used to monitor activities carried out in furtherance of the plan and used to ensure long-term compliance with requirements of the programs involved, including minority business outreach and the comprehensive planning requirements

For the Small Cities Development Program (SCDP), DEED monitors each grantee through two monitoring methods conducted by SCDP staff – desk and on-site. Desk monitoring is conducted on an ongoing basis from the start of the grant until closeout. The SCDP staff representative reviews startup documents, policies and procedures, environmental documents, ongoing activities, disbursement requests, labor standards, annual reports/performance measurements, audits, final reporting, and closeouts reporting. On-Site monitoring is conducted by SCDP staff at least once during the term of the funding agreement. The State decides to conduct desk versus on-site monitoring based on cost and time evaluation. Follow-up monitoring may occur if there are significant findings of noncompliance with program requirements or if other administrative difficulties become apparent from reviews. Monitoring of economic development projects uses the same process as those established through the state of Minnesota's CDBG competitive program. Due to COVID-19 pandemic, staff have begun virtually monitoring grantees. All monitoring procedures remain the same.

DEED has developed a checklist to assist in the monitoring areas such as grant management; fair housing and equal opportunity employment; Davis Bacon Labor Standards; inspections and bidding; and contractor payments. Staff ascertain if the activities stated within the approved application are eligible activities and address federal objectives, and if adequate progress has been made by the grantee within the time stated in the funding agreement. Attached in IDIS is the SCDP Internal Monitoring Procedures.

For ESG: each year DHS program staff review all ESG grantees using a risk analysis tool created with technical assistance from HUD. The tool has four broad areas of analysis: 1) General agency information, e.g., previous monitoring results; 2) program operations, e.g., compliance and reporting issues; 3) fiscal operations; and 4) organization Board of Directors/Executive Management.

The tool allows DHS staff to determine if a grantee needs immediate attention or can receive a visit as part of regular monitoring. A regular monitoring rotation ensures grantees are monitored at least once every two years. Staff review a random selection of files for specific documentation of: homelessness, disability status, target population, on-going assessment, follow-up, and supportive services. Staff verify the full number of participants being served, timeliness and eligibility of grant expenditures, and eligibility of matching fund expenditures.

For HOME: Minnesota Housing monitors HOME rental properties for compliance, requiring owners to submit tenant income and rent information for review annually. Requirements include: 1) owners annual submission of a Deferred Loan Owner Certification and report of unit events, including income and rent certifications, in the Property Online Reporting Tool; and 2) property inspections at least as frequently as required by 24 CFR §92.504(d) for compliance with property standards and to verify the accuracy of information owners submitted.

On-site inspection consists of a review of administrative records as well as a physical inspection and tenant file review of 20% of the HOME-assisted units. Minnesota Housing typically inspects a minimum of four HOME units (or all HOME units if property has four HOME units or less). If a property is found to be out of compliance, the owner receives notice of noncompliance. If noncompliance is not corrected within the allotted period, usually 30 days, the owner is given a 10-day grace period in which to address issues and, if any violations still remain, a failure to comply notice is sent with an additional 10-day correction period. If noncompliance remains uncorrected, possible action may be an extension of the effective period or calling the loan due.

For HOPWA, Minnesota Housing's inspection of HOPWA properties includes a physical inspection of the property, tenant file review to confirm eligibility, and a HOPWA Development Review, which uses a checklist that covers: 1) whether there are service plans in place, 2) whether HOPWA residents receive the services offered to them, 3) if any adverse actions have been taken against residents since the last HOPWA review, 4) if residents who were terminated from the program were provided due process, and 5) if the property complies with audit and record retention requirements.

Requirements include: 1) owners annual submission of a Deferred Loan Owner Certification and report of unit events, including income and rent certifications, into the Property Online Reporting Tool; and 2) property inspections per Minnesota Housing Board-approved inspection cycle unless there have been compliance issues that require more frequent inspections. The inspection cycle is every three years for properties with $500,000 or more of deferred loan financing and every five years for deferred loan amounts less than $500,000, unless the property also received Low-Income Housing Tax Credits, in which case the property is inspected according to the tax credit schedule. If a property is found to be out of compliance, the owner receives a notice of noncompliance. If noncompliance is not corrected within the allotted period, usually 30 days, the owner is given a 10-day grace period in which to address issues and, if any violations still remain, a failure to comply notice is sent with an additional 10-day correction period. If noncompliance remains uncorrected, possible action may be an extension of the effective period or calling the loan due.

Monitoring of emergency rent and mortgage assistance includes: monthly review of administrative budget, production, and utilization of funding; evidence that the grantee is collecting appropriate demographic data; and biennial site visits to the grantee to review the following:

Policies and procedures

Compliance with audit and data practices requirements

Documentation of compliance with time limits for assistance

Documentation of all aspects of tenant eligibility

Documentation that each participant was provided an opportunity to receive case management services

Source documentation of rental, mortgage, or utility expense

Description of the efforts to provide citizens with reasonable notice and an opportunity to comment on performance reports.

The state notified the public of the availability of the draft the State Register and through state social media outlets and eNews, including to organizations and partners that work directly with minorities, non-English speaking persons and persons with disabilities. For example, per our Citizen Participation Plan, we reach out to a wide network of councils and coalitions focusing on specific populations, including the Council on Asian Pacific Minnesotans, Central Cultural Chicano, CLUES, Council for Minnesotans of African Heritage, Minnesota Council on Latino Affairs, and the Upper Midwest American

Indian Center. In addition, our eNews distribution includes an extensive network of providers for persons with disabilities, through the Olmstead Implementation Office currently located at Minnesota Housing. The draft CAPER for 2020 was available for public comment for 18 days beginning November 13, 2020 and extending through the close of the business day on November 30, 2020. Minnesota Housing and DEED posted copies of the CAPER on their websites and hard copies were available from Minnesota Housing, DEED, and DHS upon request. The electronic copies of the CAPER we created were fully accessible documents suitable for screen readers.

Public input into the draft CAPER is considered in preparing the final report to HUD and the state responds in writing to each commenter. Six public comment letter/emails were received on the 2020 CAPER draft.

CR-45 - CDBG 91.520(c)

Specify the nature of, and reasons for, any changes in the jurisdiction's program objectives and indications of how the jurisdiction would change its programs as a result of its experiences.

The state does not plan on changing its objectives. Our experiences indicate that requests for DEED's CDBG funds are twice as much as our allocation. Therefore we think our objectives align with the interest shown.

Does this Jurisdiction have any open Brownfields Economic Development Initiative (BEDI) grants?	No

[BEDI grantees] Describe accomplishments and program outcomes during the last year.

CR-50 - HOME 91.520(e)

Include the results of on-site inspections of affordable rental housing assisted under the program to determine compliance with housing codes and other applicable regulations

Please list those projects that should have been inspected on-site this program year based upon the schedule in §92.504(d). Indicate which of these were inspected and a summary of issues that were detected during the inspection. For those that were not inspected, please indicate the reason and how you will remedy the situation.

Minnesota Housing has used past HOME allocations to fund down payment assistance to first-time homebuyers, rehabilitation loans to homeowners, and rehabilitation loans to owners of rental property. Currently, based on the critical need to both preserve existing affordable rental housing and develop new housing to meet a very large gap in the availability of affordable housing, all HOME funds have been allocated to fund rental housing activities, including rehabilitation and new construction.

In 2018, Minnesota Housing realigned its HOME inspections to be conducted once every three years in accordance with the 2013 HOME rule. Current HUD guidance allows PJ's to complete the 2020 on-site inspection no later than 120 days after January 1, 2021. Minnesota Housing urges HUD to extend this relief for at least six additional months or relieve PJ's from the requirement to conduct 2020 physical inspections altogether as IRS did for LIHTC properties.

Minnesota Housing did or will conduct a remote review of administrative records and tenant files for properties due to be inspected in 2020. The following table lists results of the nine remote reviews already completed in 2020 and notes the four that are currently in process and the four that are scheduled but not yet started. The table also notes the seven (7) properties whose HOME affordability period ended in FFY2020.

Among the remote reviews already completed (representing 312 HOME units), only three units were found to be in violation of program standards, and these violations have been or are in the process of being clarified or corrected.

With respect to Violence Against Women Reauthorization Act of 2013, Minnesota Housing implemented the final rule of VAWA, promulgated in 2016 and effective December 16, 2016. For HOME (and National Housing Trust Fund) properties, this implementation included: 1) notice of occupancy rights and certification forms distributed at appropriate times, and 2) the development and adoption of an emergency transfer plan (found here: Minnesota Housing Finance Agency Emergency Transfer Plan for Victims of Domestic Violence, Dating Violence, Sexual Assault, or Stalking). Policies and procedures were put in place to ensure privacy and data security for reporting of VAWA transfer requests and results. For FFY 2020, there were no transfer requests made.

Inspection Date Range: 1/1/2020 to 12/31/2020

Property Number	Property Name	City	Total HOME Units	IDIS Number	Compliance End Date	No Longer Monitored Date	No Longer Monitored Reason	Date of Physical Inspection	Date of File Review	Compliance Status	# of units with violations
D0012	Northbridge Apartments	Albert Lea	26	8936	2/6/2024			On-site inspection delayed due to COVID	Tenant files due for review on 10/22/2020		
D0216	College Drive Townhouses	Brainerd	20	5656	9/30/2019	9/30/2019	Compliance obligations successfully fulfilled for full term				
D0232	Unity Place	Brooklyn Center	98	8339	7/10/2024			On-site inspection delayed due to COVID	8/10/2020	Two tenant file violations and one potential over rent. Correction in process.	3
D0246	Woodmere Apartments	Buffalo	54	7043	1/9/2023			On-site inspection delayed due to COVID	7/16/2020	No findings	
D0419	The Crossroads	Dodge Center	37	5596	4/28/2020	7/14/2020	Compliance obligations successfully fulfilled for full term				
D0489	Yorkdale Townhomes	Edina	22	8933	11/13/2028						
D0665	Jackson Family Housing	Jackson	12		8/8/2021						
D0703	Edgewood Townhomes (fka Groveland Estates)	Litchfield	29	7115	7/17/2023			On-site inspection delayed due to COVID	7/14/2020	No findings	

Property Number	Property Name	City	Total HOME Units	IDIS Number	Compliance End Date	No Longer Monitored Date	No Longer Monitored Reason	Date of Physical Inspection	Date of File Review	Compliance Status	# of units with violations
D0714	Stone Creek Townhomes	Luverne	19	5567	5/20/2020	6/9/2020	Compliance obligations successfully fulfilled for full term				
D0734	Gus Johnson Plaza	Mankato	26	9345	3/16/2026			On-site inspection delayed due to COVID	In process		
D0854	Seward Square	Minneapolis	19	9238	4/22/2025						
D1048	Westgate-New Prague	New Prague	36	5868	8/19/2020	8/19/2020	Compliance obligations successfully fulfilled for full term				
D1130	Storybrook Apartments	Pipestone	12	8231	8/9/2023			On-site inspection delayed due to COVID	7/15/2020	No findings	
D1194	Jordan Tower II	Red Wing	86	9850	12/10/2039						
D1350	Bandel Hills TH	Rochester	11		5/3/2026						
D1552	Lewis Park Apartments	Saint Paul	63	9239	5/9/2025			On-site inspection delayed due to COVID	7/22/2020	No findings	
D1886	Three Rivers Duplexes	Northfield	8		12/31/2026			On-site inspection delayed due to COVID	In process		
D1893	Fisher Townhomes	Fisher	10		11/21/2030						

Property Number	Property Name	City	Total HOME Units	IDIS Number	Compliance End Date	No Longer Monitored Date	No Longer Monitored Reason	Date of Physical Inspection	Date of File Review	Compliance Status	# of units with violations
D2391	West Birch Townhomes	Princeton	8		10/12/2028			On-site inspection delayed due to COVID	In process	Owner has submitted administrative records but did not submit tenant files by due date. A second request was sent 10/6.	
D2393	Ridgeview Court Townhomes	Paynesville	8		11/1/2028			On-site inspection delayed due to COVID	8/20/2020	No findings	
D2521	Broadway Apartments -- (Crookston)	Crookston	12		10/14/2019	10/14/2019	Compliance obligations successfully fulfilled for full term				
D3370	Ebenezer Tower	Minneapolis	43	9344	7/1/2031			On-site inspection delayed due to COVID	In process		
D3435	Country Village Apts	Redwood Falls	33	5565	8/22/2019	12/5/2019	Compliance obligations successfully fulfilled for full term				
D3468	Como By The Lake	Saint Paul	24	10068	10/22/2033						
D3475	Maryland Park	Saint Paul	32	9381	1/5/2026			On-site inspection delayed due to COVID	Tenant files due for review on 10/9/2020		

Property Number	Property Name	City	Total HOME Units	IDIS Number	Compliance End Date	No Longer Monitored Date	No Longer Monitored Reason	Date of Physical Inspection	Date of File Review	Compliance Status	# of units with violations
D3524	Morningside Terrace / Bluff View Flats	Winona	26	9709	4/5/2027			On-site inspection delayed due to COVID	9/3/2020	No findings	
D3787	New San Marco Apartments	Duluth	6	4944	6/4/2028			On-site inspection delayed due to COVID	8/25/2020	No findings	
D6401	River Valley Apartments	Wabasha	24	5881	5/25/2020	9/16/2020	Compliance obligations successfully fulfilled for full term				
D7586	Minneapolis Portfolio Preservation (MP3)	Minneapolis	183	9577	1/21/2027						
D7713	Seward Towers East and West	Minneapolis	122	9710	8/4/2027			On-site inspection delayed due to COVID	Tenant files due for review on 10/16/2020		
D7717	Solace Apartments	Saint Peter	16		6/25/2049			On-site inspection delayed due to COVID	9/10/2020	No findings	
D7718	Maplewood Apartments	Saint Peter	24	9711	5/4/2032			On-site inspection delayed due to COVID	Tenant files due for review on 10/22/2020		
D7858	Riverview Apartments & Hilltop Villas	Sebeka	23	9851	2/3/2034						
D7963	Amorce II	Robbinsdale	32	9958	4/2/2034						

Provide an assessment of the jurisdiction's affirmative marketing actions for HOME units. 92.351(b)

Minnesota Housing has provided a *HOME Compliance Guide* to owners and management agents of each HOME-assisted rental property. The guide covers all HOME compliance issues including leases, rents, incomes, maintaining unit mix, affirmative marketing, and property standards.

Minnesota Housing's guides for lending or development promote and require compliance with fair housing laws and regulations. Minnesota Housing requires Affirmative Fair Housing Marketing Plans for the marketing and occupancy of assisted units in developments of five units or more. Owners are required to review Affirmative Fair Housing Marketing Plans every one to two years, and as part of its inspection procedures, Minnesota Housing will review to determine if updates are needed.

According to HUD's ***HOME Summary of Accomplishments,*** in HOME projects completed in FFY 2020, 63% of householders were of a race other than white and 0% were of Hispanic ethnicity. According the Census Bureau's ***American Community Survey, 2019,*** an estimated 19% of Minnesota's low and moderate income households are of a race other than white and 5% are of Hispanic ethnicity.

Note that HOME funds historically were available primarily in non-entitlement areas, which are less diverse and may have limited previous opportunity for HOME-funded projects to serve a higher percentage of people of color or Hispanic ethnicity. This year's accomplishments reflects the completion of one HOME properties totaling 24 units.

Refer to IDIS reports to describe the amount and use of program income for projects, including the number of projects and owner and tenant characteristics

Minnesota Housing does not separately track activities (or parts of activities) that are funded with program income, which the agency uses in accordance with grant specific accounting and which may be used simultaneously with new grant funds. Tracking project, owner, and/or tenant characteristics separately is impossible; however, since program income is not used for purposes different from entitlement funds, characteristics presumably would be the same as entitlement-funded activities.

Describe other actions taken to foster and maintain affordable housing. 91.220(k) (STATES ONLY: Including the coordination of LIHTC with the development of affordable housing). 91.320(j)

Minnesota Housing requests funding proposals from housing sponsors under a consolidated application process. The agency combines tax credits with amortizing mortgages and deferred loans using state appropriations, agency resources, and contributions from funding partners to make tax credit developments more affordable to lower income households.

Based on an assessment of local housing needs, Minnesota Housing has developed and updates a tax credit allocation plan that gives preference to certain types of development, e.g., those that serve the lowest income households and the high-priority homeless, and those that preserve federally assisted housing, and/or provide increased geographic choice. The state's most recent Qualified Allocation Plan and priorities for housing tax credit allocation may be viewed at: Tax Credits

In 2019, Minnesota Housing awarded housing tax credits in the amount of $12.1 million that resulted in total of 695 affordable rental units; and suballocators allocated an additional $3.5 million in tax credits for 398 units.

CR-55 - HOPWA 91.520(e)

Identify the number of individuals assisted and the types of assistance provided

Table for report on the one-year goals for the number of households provided housing through the use of HOPWA activities for: short-term rent, mortgage, and utility assistance payments to prevent homelessness of the individual or family; tenant-based rental assistance; and units provided in housing facilities developed, leased, or operated with HOPWA funds.

Number of Households Served Through:	One-year Goal	Actual
Short-term rent, mortgage, and utility assistance to prevent homelessness of the individual or family	200	177
Tenant-based rental assistance		
Units provided in permanent housing facilities developed, leased, or operated with HOPWA funds		
Units provided in transitional short-term housing facilities developed, leased, or operated with HOPWA funds		

Table 14 – HOPWA Number of Households Served

Narrative

The state provided housing assistance to 177 households through the use of HOPWA funds for short-term rent, mortgage, and utility assistance payments to prevent homelessness for an individual or family. The five-year plan projected 200 households be served with HOPWA funds in 2019. The five year goal for HOPWA is to serv 1,100 households and is based upon HUD projections for Minnesota through formula modernization, which will be phased in over a five year period.

Since 1999, Minnesota Housing has received an annual allocation of HOPWA funds from HUD to provide housing assistance and support services to people outside the 13-county Twin Cities metro area (which is served through a grant to the City of Minneapolis). Minnesota Housing and the Department of Human Services collaborate to undertake outreach efforts to help meet the needs of people with HIV/AIDS living in Greater Minnesota. This collaboration allows for greater coordination in the implementation of HIV/AIDS related projects.

Minnesota Housing received $252,520 in HOPWA funds in FFY 2020 and committed this HOPWA funding to JustUs Health, formerly known as the Minnesota AIDS Project (MAP). JustUs Health has established statewide networks to deliver assistance in areas of need throughout Greater Minnesota. JustUs Health’s Greater Minnesota emergency housing assistance program has worked closely with HIV service providers in Greater Minnesota, including the Mayo Clinic’s HIV Clinic and Social Services, the Rural AIDS Action Network, and JustUs Health’s own case management program in Duluth.

Using HOPWA assistance, JustUS Health provides short-term rent, mortgage, and utility assistance to prevent the homelessness of eligible individuals or families.

CR-56 – HTF NEW SECTION

Describe the extent to which the grantee complied with its approved HTF allocation plan and the requirements of 24 CFR part 93.

Tenure Type	0 – 30% AMI	0% of 30+ to poverty line (when poverty line is higher than 30% AMI)	% of the higher of 30+ AMI or poverty line to 50% AMI	Total Occupied Units	Units Completed, Not Occupied	Total Completed Units
Rental	0	0	0	0	0	0
Homebuyer	0	0	0	0	0	0

Table 15 - CR-56 HTF Units in HTF activities completed during the period

Narrative

The second National Housing Trust Fund project that Minnesota Housing has funded through this program did not reach completion prior to the end of the Federal Fiscal Year. We will report on Park 7 in the 2021 Action Plan.

CR-60 - ESG 91.520(g) (ESG Recipients only)

ESG Supplement to the CAPER in *e-snaps*

For Paperwork Reduction Act

1. Recipient Information—All Recipients Complete

Basic Grant Information

Recipient Name	MINNESOTA
Organizational DUNS Number	804832640
EIN/TIN Number	411599130
Indentify the Field Office	MINNEAPOLIS
Identify CoC(s) in which the recipient or subrecipient(s) will provide ESG assistance	Minneapolis/Hennepin County CoC

ESG Contact Name

Prefix	Mr
First Name	ISAAC
Middle Name	D
Last Name	WENGERD
Suffix	0
Title	Agency Policy Specialist

ESG Contact Address

Street Address 1	MN Dept Human Services
Street Address 2	444 Lafayette St.
City	St. Paul
State	MN
ZIP Code	55164-
Phone Number	6514313815
Extension	0
Fax Number	6514317309
Email Address	ISAAC.WENGERD@STATE.MN.US

ESG Secondary Contact

Prefix	
First Name	
Last Name	
Suffix	
Title	
Phone Number	
Extension	
Email Address	

2. Reporting Period—All Recipients Complete

Program Year Start Date 10/01/2019
Program Year End Date 09/30/2020

3a. Subrecipient Form – Complete one form for each subrecipient

Subrecipient or Contractor Name: MINNESOTA
City: Saint Paul
State: MN
Zip Code: 55101, 1938
DUNS Number: 804832640
Is subrecipient a victim services provider: N
Subrecipient Organization Type: Unit of Government
ESG Subgrant or Contract Award Amount: 106,357

Subrecipient or Contractor Name: THREE RIVERS COMMUNITY ACTION COUNCIL
City: Zumbrota
State: MN
Zip Code: 55992, 0157
DUNS Number:
Is subrecipient a victim services provider: N
Subrecipient Organization Type: Other Non-Profit Organization
ESG Subgrant or Contract Award Amount: 70000

Subrecipient or Contractor Name: WEST CENTRAL MINNESOTA COMMUNITIES
City: ELBOW LAKE
State: MN
Zip Code: 56531,
DUNS Number:
Is subrecipient a victim services provider: N
Subrecipient Organization Type: Other Non-Profit Organization
ESG Subgrant or Contract Award Amount: 42500

Subrecipient or Contractor Name: KOOTASCA COMMUNITY ACTION, INC.
City: Grand Rapids
State: MN
Zip Code: 55744, 3982
DUNS Number:
Is subrecipient a victim services provider: N
Subrecipient Organization Type: Other Non-Profit Organization
ESG Subgrant or Contract Award Amount: 30000

Subrecipient or Contractor Name: LAKES AND PRAIRIES COMMUNITY ACTION PARTNERSHIPS
City: Moorhead
State: MN
Zip Code: 56560, 2083
DUNS Number: 039375647
Is subrecipient a victim services provider: N
Subrecipient Organization Type: Other Non-Profit Organization
ESG Subgrant or Contract Award Amount: 100000

Subrecipient or Contractor Name: RED LAKE HOMELESS SHELTER, INC
City: Redlake
State: MN
Zip Code: 56671, 0280
DUNS Number: 623149254
Is subrecipient a victim services provider: N
Subrecipient Organization Type: Other Non-Profit Organization
ESG Subgrant or Contract Award Amount: 72500

Subrecipient or Contractor Name: SCOTT CARVER DAKOTA CAP
City: Shakopee
State: MN
Zip Code: 55379, 1840
DUNS Number: 085104610
Is subrecipient a victim services provider: N
Subrecipient Organization Type: Other Non-Profit Organization
ESG Subgrant or Contract Award Amount: 186881

Subrecipient or Contractor Name: Churches United for the Homeless
City: Moorhead
State: MN
Zip Code: 56560, 2307
DUNS Number: 364422857
Is subrecipient a victim services provider: N
Subrecipient Organization Type: Faith-Based Organization
ESG Subgrant or Contract Award Amount: 175000

Subrecipient or Contractor Name: Mahube-Otwa Community Action Partnership
City: Detroit Lakes
State: MN
Zip Code: 56501, 2722
DUNS Number: 037473071
Is subrecipient a victim services provider: N
Subrecipient Organization Type: Other Non-Profit Organization
ESG Subgrant or Contract Award Amount: 80000

Subrecipient or Contractor Name: Partners for Affordable Housing
City: Mankato
State: MN
Zip Code: 56001, 4430
DUNS Number: 015129260
Is subrecipient a victim services provider: N
Subrecipient Organization Type: Other Non-Profit Organization
ESG Subgrant or Contract Award Amount: 42465

Subrecipient or Contractor Name: Salvation Army - St. Cloud
City: Saint Cloud
State: MN
Zip Code: 56304, 1247
DUNS Number: 002805922
Is subrecipient a victim services provider: N
Subrecipient Organization Type: Faith-Based Organization
ESG Subgrant or Contract Award Amount: 100000

Subrecipient or Contractor Name: Semcac
City: Rushford
State: MN
Zip Code: 55971, 8812
DUNS Number: 066860073
Is subrecipient a victim services provider: N
Subrecipient Organization Type: Other Non-Profit Organization
ESG Subgrant or Contract Award Amount: 28000

Subrecipient or Contractor Name: Grace House of Itasca County
City: Grand Rapids
State: MN
Zip Code: 55744, 3835
DUNS Number: 799149344
Is subrecipient a victim services provider: N
Subrecipient Organization Type: Faith-Based Organization
ESG Subgrant or Contract Award Amount: 85000

Subrecipient or Contractor Name: Institute for Community Alliances
City: Minneapolis
State: MN
Zip Code: 55404,
DUNS Number: 046826826
Is subrecipient a victim services provider: N
Subrecipient Organization Type: Other Non-Profit Organization
ESG Subgrant or Contract Award Amount: 75000

Subrecipient or Contractor Name: A Place for You
City: Pine City
State: MN
Zip Code: 55063, 1530
DUNS Number: 758511277
Is subrecipient a victim services provider: N
Subrecipient Organization Type: Other Non-Profit Organization
ESG Subgrant or Contract Award Amount: 70,000

Subrecipient or Contractor Name: Servants of Shelter of Koochiching County
City: International Falls
State: MN
Zip Code: 56649, 2241
DUNS Number: 079386356
Is subrecipient a victim services provider: N
Subrecipient Organization Type: Faith-Based Organization
ESG Subgrant or Contract Award Amount: 52500

Subrecipient or Contractor Name: Arrowhead Economic Opportunity Agency
City: Virginia
State: MN
Zip Code: 55792, 2776
DUNS Number: 082523713
Is subrecipient a victim services provider: N
Subrecipient Organization Type: Other Non-Profit Organization
ESG Subgrant or Contract Award Amount: 87500

Subrecipient or Contractor Name: Inter-County Community Council, Inc.
City: Oklee
State: MN
Zip Code: 56742, 0189
DUNS Number: 964802607
Is subrecipient a victim services provider: N
Subrecipient Organization Type: Other Non-Profit Organization
ESG Subgrant or Contract Award Amount: 37500

Subrecipient or Contractor Name: New Pathways
City: Cambridge
State: MN
Zip Code: 55008, 1519
DUNS Number: 044054570
Is subrecipient a victim services provider: N
Subrecipient Organization Type: Other Non-Profit Organization
ESG Subgrant or Contract Award Amount: 51750

Subrecipient or Contractor Name: Ours to Serve House of Hospitality, Inc.
City: Bemidji
State: MN
Zip Code: 56601, 2925
DUNS Number: 962478096
Is subrecipient a victim services provider: N
Subrecipient Organization Type: Other Non-Profit Organization
ESG Subgrant or Contract Award Amount: 100000

Subrecipient or Contractor Name: Prairie Five CAC
City: Montevideo
State: MN
Zip Code: 56265, 1352
DUNS Number: 055557813
Is subrecipient a victim services provider: N
Subrecipient Organization Type: Other Non-Profit Organization
ESG Subgrant or Contract Award Amount: 40000

Subrecipient or Contractor Name: Salvation Army Brainerd
City: Brainerd
State: MN
Zip Code: 56401, 3506
DUNS Number: 081033115
Is subrecipient a victim services provider: N
Subrecipient Organization Type: Faith-Based Organization
ESG Subgrant or Contract Award Amount: 12000

Subrecipient or Contractor Name: Salvation Army Rochester
City: Rochester
State: MN
Zip Code: 55906, 3706
DUNS Number: 125485958
Is subrecipient a victim services provider: N
Subrecipient Organization Type: Faith-Based Organization
ESG Subgrant or Contract Award Amount: 106000

Subrecipient or Contractor Name: Bi-County Community Action Program, Inc.
City: Bemidji
State: MN
Zip Code: 56601, 8669
DUNS Number: 087682670
Is subrecipient a victim services provider: N
Subrecipient Organization Type: Other Non-Profit Organization
ESG Subgrant or Contract Award Amount: 45,000

CR-65 - Persons Assisted

4. Persons Served

4a. Complete for Homelessness Prevention Activities

Number of Persons in Households	Total
Adults	0
Children	0
Don't Know/Refused/Other	0
Missing Information	0
Total	**0**

Table 15 – Household Information for Homeless Prevention Activities

4b. Complete for Rapid Re-Housing Activities

Number of Persons in Households	Total
Adults	0
Children	0
Don't Know/Refused/Other	0
Missing Information	0
Total	**0**

Table 16 – Household Information for Rapid Re-Housing Activities

4c. Complete for Shelter

Number of Persons in Households	Total
Adults	0
Children	0
Don't Know/Refused/Other	0
Missing Information	0
Total	**0**

Table 17 – Shelter Information

4d. Street Outreach

Number of Persons in Households	Total
Adults	0
Children	0
Don't Know/Refused/Other	0
Missing Information	0
Total	**0**

Table 18 – Household Information for Street Outreach

4e. Totals for all Persons Served with ESG

Number of Persons in Households	Total
Adults	0
Children	0
Don't Know/Refused/Other	0
Missing Information	0
Total	**0**

Table 19 – Household Information for Persons Served with ESG

5. Gender—Complete for All Activities

	Total
Male	0
Female	0
Transgender	0
Don't Know/Refused/Other	0
Missing Information	0
Total	**0**

Table 20 – Gender Information

6. Age—Complete for All Activities

	Total
Under 18	0
18-24	0
25 and over	0
Don't Know/Refused/Other	0
Missing Information	0
Total	**0**

Table 21 – Age Information

7. Special Populations Served—Complete for All Activities

Number of Persons in Households

Subpopulation	Total	Total Persons Served – Prevention	Total Persons Served – RRH	Total Persons Served in Emergency Shelters
Veterans	0	0	0	0
Victims of Domestic Violence	0	0	0	0
Elderly	0	0	0	0
HIV/AIDS	0	0	0	0
Chronically Homeless	0	0	0	0
Persons with Disabilities:				
Severely Mentally Ill	0	0	0	0
Chronic Substance Abuse	0	0	0	0
Other Disability	0	0	0	0
Total (Unduplicated if possible)	0	0	0	0

Table 22 – Special Population Served

CR-70 – ESG 91.520(g) - Assistance Provided and Outcomes

8. Shelter Utilization

Number of New Units - Rehabbed	0
Number of New Units - Conversion	0
Total Number of bed-nights available	392,523
Total Number of bed-nights provided	363,887
Capacity Utilization	92.7%

Table 23 – Shelter Capacity

9. Project Outcomes Data measured under the performance standards developed in consultation with the CoC(s)

SHELTER GOAL

GOAL: 9,300 individuals in households receiving safe, adequate emergency shelter. OUTCOME: 9,489

The goal of sheltering 9,300 individuals was achieved.

PREVENTION/RAPID RE-HOUSING GOALS

GOAL: 450 persons are stably re-housed.

The goal of stably re-housing 450 persons in households (total for prevention and rapid re-housing) was not achieved, as 259 persons achieved this outcome in 2020

CR-75 – Expenditures

11. Expenditures

11a. ESG Expenditures for Homelessness Prevention

	Dollar Amount of Expenditures in Program Year		
	2018	**2019**	**2020**
Expenditures for Rental Assistance	0	0	40,203
Expenditures for Housing Relocation and Stabilization Services - Financial Assistance	0	0	20,147
Expenditures for Housing Relocation & Stabilization Services - Services	0	0	149,044
Expenditures for Homeless Prevention under Emergency Shelter Grants Program	0	0	0
Subtotal Homelessness Prevention	**0**	**0**	**209,394**

Table 24 – ESG Expenditures for Homelessness Prevention

11b. ESG Expenditures for Rapid Re-Housing

	Dollar Amount of Expenditures in Program Year		
	2018	**2019**	**2020**
Expenditures for Rental Assistance	0	0	175563
Expenditures for Housing Relocation and Stabilization Services - Financial Assistance	0	0	31450
Expenditures for Housing Relocation & Stabilization Services - Services	0	0	235193
Expenditures for Homeless Assistance under Emergency Shelter Grants Program	0	0	0
Subtotal Rapid Re-Housing	**0**	**0**	**442206**

Table 25 – ESG Expenditures for Rapid Re-Housing

11c. ESG Expenditures for Emergency Shelter

	Dollar Amount of Expenditures in Program Year		
	2018	**2019**	**2020**
Essential Services	0	0	697,520
Operations	0	0	487,709
Renovation	0	0	0
Major Rehab	0	0	0
Conversion	0	0	0
Subtotal	**0**	**0**	**1,185,229**

Table 26 – ESG Expenditures for Emergency Shelter

11d. Other Grant Expenditures

	Dollar Amount of Expenditures in Program Year		
	2018	**2019**	**2020**
Street Outreach	0	0	0
HMIS	0	0	18,,184
Administration	0	0	157,951

Table 27 - Other Grant Expenditures

11e. Total ESG Grant Funds

Total ESG Funds Expended	2018	2019	2020
	0	0	2,012,964

Table 28 - Total ESG Funds Expended

11f. Match Source

	2018	2019	2020
Other Non-ESG HUD Funds	0	0	0
Other Federal Funds	0	0	0
State Government	0	0	2,012,964
Local Government	0	0	0
Private Funds	0	0	0
Other	0	0	0
Fees	0	0	0
Program Income	0	0	0
Total Match Amount	**0**	**0**	**2,012,964**

Table 29 - Other Funds Expended on Eligible ESG Activities

11g. Total

Total Amount of Funds Expended on ESG Activities	2018	2019	2020
	0	0	4,025,928

Table 30 - Total Amount of Funds Expended on ESG Activities

Public Comments and State Responses

Response to FFYCAPER Public Comments:

Letter submitted via email by Joe Nathan, Alexis Kramer, Melissa Simione:

Dear Friends, To the Minnesota Housing Agency. Thank you for the opportunity to comment on the draft State CAPER Consolidated Annual Performance Report. We, 40 rural, suburban and urban Minnesotans, elected and retired policy-makers, district and chartered public school educators, youth, including people who have experienced homelessness, represent a broad array of cultures and communities. We appreciate this is a complex issue, that the pandemic has complicated this situation and that a number of things have been done. We have several questions.

1. What is the state planning to change in the coming year, to deal with the fact that Mn set a goal of constructing 45 rental housing units for, and according to the report, completed zero (0) In the last year? (p. 5) We've seen homes and other buildings constructed all over the state in the last year. While there are construction challenges, there also are opportunities. There's an urgent need for much more permanent affordable housing for those experiencing homeless of all ages, all circumstances. We discuss some of them below.

The HOME and National Housing Trust programs are important components of many capital resources for housing development that Minnesota Housing makes available each year. The annual goals of 45 rental units rehabilitated and 45 rental units newly constructed are part of a five-year goal of 450 total rental units assisted by these programs. The current year is indicative of a shift of using these resources more for rehabilitated units towards new construction. New construction projects have a longer time frame and thus no new construction units were completed in the fiscal year for which this report shows. Minnesota Housing has three new construction projects funded by these resources that finished construction but did not close out during the fiscal year, these projects, along with any others who are occupied by 9/30/2021 will be reflected in next year's CAPER:

- *Park 7, Minneapolis, 25 NHTF*
- *Dublin, Mankato, 26 HOME*
- *White Oak, 8 HOME, 20 NHTF*

For all resources that Minnesota Housing makes available (including the Low Income Housing Tax Credit, and other state and federal resources), in 2019, 3,215 units of rental housing were constructed or rehabilitated, 2018 had 2,065 units completed, and 2017 had 2,767 units completed. We encourage stakeholders to reference Minnesota Housing Annual Program Assessment for further details for all programs (mnhousing.gov/sites/np/research).

2. Why does the state rely on the "point of time" survey (p 20) to estimate the number of youth experiencing homeless, rather than using as a starting point the figure published by the Minnesota Department of Education? CAPER notes "a 11 percent decrease in homelessness among families with children, and a three percent decrease in the number of unaccompanied youth under 25 experiencing homelessness…" between January 2018 and January 2019. MDE figures show that the number of students experiencing homelessness has increased from 7,695 in 2013-14 to 8,696 in 2018-19 and 9.060 in 2019-20. Moreover MDE's numbers reflect only one day. Districts and charters all over the state report that the actual number of homeless youth they serve over a year is 2-3 times the number that appears on the MDE website. A federal report released in January, 2020

concluded that the number of youth experiencing homelessness in Minnesota during the 2017-18 school year was 16,698, up slightly from the 2015-16 school year.

The State recognizes the many limitations to nearly all data, including the Point in Time count, regarding the prevalence of homelessness and youth homelessness in particular. The State works to use various available data sources in our work.

3. What is the state planning to do to increase the number and percentage of Black, Indigenous, Families of Color served? Your report notes that of 1036 people served by the CDBG program, 1002 were white. Of 9478 people served by the ESG program almost half were white (4815) (page 7). What will Minnesota do to more effectively meet the permanent needs of members of BIPOC communities.

Minnesota Housing requires all properties funded through our programming, including as required for HOME and NHTF, an Affirmative Fair Housing Marketing Plan. The plans are to reach those households least likely to apply in a project's community, including race, ethnicity, disability and family size. These plans are reviewed with all physical inspections on properties and a noncompliant plan would result in findings for that property and a requirement to develop and implement a compliant plan.

Racial equity is a priority of the Walz/Flanagan administration and a priority of Minnesota Housing. Strategies to advance this work include:

1. *Engaging with communities to inform program and policy development;*
2. *Addressing systemic barriers through developing a policy agenda and supporting state and local strategies to advance housing stability, mitigate displacement;*
3. *Diversity the partners with whom we work;*
4. *Analyze outcomes and make adjustments and act when populations are not being served equitably.*

We are actively exploring strategies to address the underrepresentation of BIPOC developers in contracting, building racial equity metrics and strategies into our Agency from the division to the individual employee level, and have incorporated racial equity scoring criteria and priorities into several of our Requests for Proposal.

4. When discussing Minnesota's Homeless Youth Act, why does your report not mention "integrated supportive housing and transitional programs," which are included in Subdivision 1 and Subdivision 5 of this law? The report explains "Minnesota's Homeless Youth Act (HYA) program funds outreach, shelter housing and services to homeless youth across the state." (p 23) Does the agency agree that Minnesota Youth deserve more options such as the ones provided by the state wide Youth Services Network (YSN) that has a continuum of care-including housing and support services for youth experiencing homelessness? Prior Crossing and Ain Dah Yung in St Paul are examples of such options.

> *The phrase "Supportive Housing and Transitional Living Programs" was inadvertently left out of the 2020 CAPER Draft, and the final version will be edited to more accurately reflect the breadth of homeless youth programs that are both allowed and currently funded with Homeless Youth A Act (HYA) funding. Currently, 59 percent of HYA funds go towards supportive housing and transitional living programs including the two programs you described. In addition, 14 of the 15 member agencies within the Youth Services Network receive HYA funding from the Department.*

5. When discussing "innovative ways to reduce costs, is the agency prepared to expand support for example, to Minnesota YouthBuild? As a recent report explains, this program simultaneously teaches young people construction and other skills, while they rehab existing apartments and homes, and in some cases, actually building homes for those experiencing homelessness.

> *Participants in HUD Youthbuild programs are currently among the residents defined in the Section 3 Hiring and contracting requirements for construction programs (including HOME and NHTF). While Minnesota Housing has not funded a Youthbuild program, or the homebuilding program referenced in the comment for Anoka Hennepin school district, these programs may be eligible for applying to the agency's Community Homeownership Impact fund, which provides funding for developers and administrators of single family, owner occupied affordable housing activity throughout the state. Funding is accessed through a competitive Request for Proposal process. More details can be found at www.mnhousing.gov/sites/np/impactfund*

6. Has MHFA examined the possibility of supporting and replicating the homebuilding program that the Anoka Hennepin school district has carried out for more than 20 years? Isn't this an opportunity to simultaneously help young people develop value career-technical skills that are great demand, while helping construct new homes at affordable prices (Anoka-Hennepin estimates the total cost of a 3 bedroom home to be less than $100,000)

> *Please the response to Question 5.*

7. Is the state planning to add educators and youth who have experienced, or currently are experiencing homeless, to its statewide and metro areas interagency committees? Young people who have experienced homeless, such as the young people whose essay was published by the Star Tribune, have insights and ideas that we believe the state should consider. Is MHFA going to do this in the coming year?

Minnesota Housing, through its capacity building program, just funded Envision Communities for this coming year to provide leadership development for people that have or are experiencing homelessness to build their skills to achieve personal goals and also to inform affordable housing development.

8. What is the state agency planning to do so that the number of contracts awarded to companies headed by BIPOC Minnesotans increases? Your report describes expenditures of more than $24 million. Yet none of the almost $7 million dollars in contracts went to BIPOC led companies and only 6 of 109 subcontracts. (p. 16)

HOME and NTHF funded project are making appropriate efforts to meet these requirements but have fallen short of the goals this year for contracting with People of Color or Indigenous owned entities or Women owned entities. One strategy that Minnesota Housing is taking is in its Qualified Allocation Plan for the Low Income Housing Tax Credit, which added additional opportunities this year for points for projects that meet one or both of the following criteria:

- *Two or more key members of the development team are POCIBE/WBE*
- *The project sponsor, general contractor, architect or management agent partners with a POCIBE/WBE entity with the goal of building the entity's capacity to develop, manage, construct, design or own affordable housing in the future.*

In addition, Minnesota Housing is committed to providing additional oversight and coaching to HOME and NHTF programs to meet the contracting goals for POCIBE/WBE.

9. Has the Housing Agency explored the concept of land trusts? These help insure that projects constructed to provide permanent affordable housing do actually stay affordable.

Minnesota Housing has been supporting community land trusts (CLTs) since the first CLTs formed in Minnesota in the 1990s. Through the Impact Fund , the Agency's largest single family development program, CLTs typically receive between 30% and 35% of the competitive awards each year to add additional CLT units around the state. In addition, approximately 60 CLT households use Minnesota Housing's first-time homebuyer financing each year, which represents up to 50% of the overall CLT mortgage financing market in Minnesota. Finally, Minnesota Housing meets at least annually with the Minnesota Community Land Trust Coalition regarding legislative and programmatic issues of mutual interest to further permanently-affordable home ownership opportunities throughout the state.

10. When will the agency prepare next year's plan? Please contact us. Some of us would like to be involved in the initial discussions to insure these concerns are addressed. If a draft is completed, would you please share it with us so that we can respond before it is finalized?

Next year's plan will be developed in early 2021 and the State invites participation in this through two public hearings and a comment period that have yet to be scheduled. Notification *of these hearings will be made through the State Register and through agency's social media and via eNews. Please sign up to receive eNews through Minnesota Housing at http://www.mnhousing.gov/sites/np/enews.*

Thank you for considering these questions. We look forward to hearing from you.

Signed,

Dr. Tom P Abeles, executive director, Navigating Futures
Charlotte "Charlie" Castro, Professor with MinnState
Faith Dietz, HR Professional and Community Advocate
Hanna Getachew-Kreusser, MA, Executive Director, Face to Face Health and Counseling, member of the Youth Services Network (YSN)
Lee George, Neighborhoods for Homes, Powderhorn Park
Aaliyah Hodge, formerly homeless youth, B.A. University of Minnesota, M.A. Humphrey School of Public Affairs, Minneapolis
Wayne Jennings, PhD, former public school teacher, administrator, school board member, and author, Roseville
Dr. Bernadeia H. Johnson , Assistant professor MNSU, Mankato
Former Superintendent, of Minneapolis Public Schools
Jim Kielsmeir, PhD, founder, former director, National Youth Leadership Council, Roseville
Tammie Knick, MSW, LICSW, School Social Worker, DREAM Technical Academy/Technical Academies of Minnesota, Willmar, MN
Jane Leonard, President, *Growth & Justice*
Thomas E. Kottke, MD, MSPH, St. Paul
Alexis Kramer, Freedom from the Streets, Woodbury
Brook LaFloe, MEd, Niniijaanis One of Ones
Lily Lamb, co-founder of Neighbors For Homes
David Law, JD, *Superintendent*, Anoka-Hennepin School District
Shawn Lewis, Former Board Member, Goodwill Easter Seals of Minnesota & Former Trustee, Minnesota 4-H Foundation
Sarah Linnes-Robinson, Executive Director, Kingfield Neighborhood Association, Minneapolis
Jonette M. Lucia, MMA 20 years, Northwest Hennepin Family Service Collaborative, Retired
Roy Magnuson
Shane Morine, Neighbors For Homes
Amy Meuers, Chief Executive Officer National Youth Leadership Council
Joe Nathan, PhD, director, Center for School Change
Vicki Nelson, retired educator, rural Grand Rapids, Minnesota
Carin Peterson, President ~ Sheridan Neighborhood Org, Mpls
John Poupart, founder, Executive Director, American Indian Policy Center, West St. Paul
Jane Prince, St Paul City Council Member, Ward 7
Khalique Rogers, University of Minnesota student who formerly experienced homeless, entrepreneur

Sondra Samuels, President and CEO, North Side Achievement Zone
Jim Scheibel, Former Mayor of Saint Paul
Melissa Simione, Beltrami Neighborhood
John Slade, Congregational Organizer, MICAH
Linda Soderstorm, experienced homelessness, Dance Movement Educator, St Charles
Lily Tharoor, concerned citizen, Falcon Heights
David Tilsen, former Minneapolis School Board member
Rashad Turner, president, Minnesota Parent Union
Randy Valencia, community activist, Northeast Minneapolis
Jim Vue, Saint Paul Public School Board Member
Mary Ann Barrows Wark
Nelsie Yang, Councilmember, Saint Paul Ward 6

METROPOLITAN INTERFAITH COUNCIL ON AFFORDABLE HOUSING

"Do justice, love mercy, walk humbly with your God." Micah 6:8 MICAH

November 30, 2020

MICAH's Comments on the
Consolidated Annual Performance and Evaluation Report for FY2020

Thank you for the opportunity to comment.

1. **CR-25 .MICAH continues to be concerned that the State only uses HUD's Point in Time Count to report information in this section which is both an archaic manner to count and (as mentioned in following comments) does not include many youth and others experiencing homelessness in make shift situations not included in HUD's definition of homelessness.**

   The State recognizes the many limitations to nearly all data, including the Point in Time count, regarding the prevalence of homelessness and youth homelessness in particular. The State works to use various available data sources in our work.

2. **The Heading Home Together Plan while it did include input from people experiencing homelessness; it does not include at the decision making tables people who have recently or are experiencing homelessness or housing crises in determining principles and strategies to end homelessness.**

   As you mentioned, the Interagency Council on Homelessness did include input from people with lived experience into the plan development. The Council seeks input in a variety of forums and will continue to explore ways to enhance our engagement with people who recently or are currently experiencing homelessness.

3. **C-15 Narrative $1Billion of the FFY2020 funds identified were Mortgage Revenue Bonds for First Time Home Buyers which primarily supported Caucasian homeownership.**

   Minnesota has the fourth largest disparity in homeownership rates in the country for households of color and indigenous communities and we have a strategic priority to address homeownership barriers and reduce disparities. In federal fiscal year 2020, 34% of Minnesota Housing's mortgages for first-time homebuyers went to BIPOC households, while in 2018, only 16% of all home-purchase mortgages in the overall mortgage market in Minnesota went to BIPOC households. While Minnesota Housing lending far outpaces lending to BIPOC households than the overall market, we recognize the need to increase our lending to BIPOC households and support the overall mortgage industry in increasing lending to BIPOC households. Our goal is to reach 40% of our first-time homebuyer loans going to BIPOC households by 2023.

4. **CDBG: 67 of the 1036 people served were Black, Indigenous, People of Color and Hispanic. Wilder Homeless data is clear that Black, Indigenous, People of Color and Hispanic people experienced homelessness, at a higher rate than Caucasian. Our communities must have as a priority in use of CDBG funds, to address this disparity, by expanding housing options that are affordable to Black, Indigenous, People of Color and Hispanic people in our communities**

In this pandemic time, DEED continues promoting Fair Housing and Section 3 through webinars to grantees. Since DEED's CDBG funds are for non-entitlement communities in the Greater Minnesota area only, the number of households of color assisted does not necessarily meet HUD data for the entire state of Minnesota. Unlike the Metropolitan areas, populations of people of color are not represented in every Greater Minnesota Community. DEED continues to encourage, where applicable, communities to apply for funds that will assist households of color. The discrepancy between the housing and the beneficiaries' data is due to the IDIS's national objective matrix of low and moderate income. Housing projects are eligible through housing activities (LMH) where race demographics can be determined while public facility projects are eligible by area benefit activity (LMA) where eligibility is based on the community meeting 51% low and moderate beneficiaries. Therefore, DEED is meeting the national objective. Our reporting data are obtained from the IDIS reporting system.

DEED continues to make positive movements in recognizing and helping to address disparities but limited use by our diverse population continues due to the demographics in the Greater Minnesota area. In DEED's training workshops, the importance of citizen participation is emphasized to local units of government in non-entitlement areas. DEED also consults with HUD to provide future training opportunities and awareness for grantees to further outreach and promote fair housing. CDBG funds addressing housing and public facility improvements are available to applicants who meet the national objective of low and moderate income and are limited to the local unit of government's application for funding and their outreach within their communities.

CDBG funds administered by DEED are run through the State's Small Cities Program and are subject to those state rules in addition to the CDBG requirements. Thus, CDBG funds administered at DEED are focused on developing viable communities by providing financial assistance to eligible non-entitlement local unit of governments by addressing the need for decent, safe, affordable housing as well as supporting local economic development and public facility needs. Based on the need in the non-entitlement areas and in compliance with the Small Cities Grant Program, CDBG funds are focused on rehabbing and preserving housing stock, addressing slum and blight situation, economic development and by partnering with state agencies for public facility infrastructure. Based on DEED's stellar track record, ever growing number of grant applications, successful completion of rehabbed units and feedback from the communities that have *benefited from CDBG funding, DEED is well positioned to manage the CDBG program. DEED has staff who possess the expertise in MN administration rules and federal regulation for community development block grants, in particular housing rehabilitation projects.*

5. **We want to thank you for the significant information in this report on your attempts to address the Analysis of Impediments to Fair Housing Choice.**
   a. We support you helping to keep HousingLink's Low Income Tax Credit development database current to report distributions to better track housing choice and opportunities throughout the State.
   b. CDBG recipients should have operationalized not process goals regarding their one Fair Housing Activity to track how their training/education, of grantees, on fair housing laws and resources assisted in preventing/decreasing evictions, discrimination complaints, and addressing rental housing issues.

   Thank you for the comments on the Analysis of Impediments to Fair Housing Choice actions made this year. We recognize the need to have up to date information such as the tax credit database to evaluate impacts.

6. **In addition: MICAH supports and assisted with these comments**

   See state response to Joe Nathan, et. Al. letter in previous comment response.

Thank you for the opportunity to comment on the draft State CAPER Consolidated Annual Performance Report. We, 40 rural, suburban and urban Minnesotans, elected and retired policy-makers, district and chartered public school educators, youth, including people who have experienced homelessness, represent a broad array of cultures and communities. We appreciate this is a complex issue, that the pandemic has complicated this situation and that a number of things <u>have</u> been done. We have several questions.

1. What is the state planning to change in the coming year, to deal with the fact that Mn set a goal of constructing 45 rental housing units for, and according to the report, <u>completed zero (0) In the last year?</u> (p. 5) We've seen homes and other buildings constructed all over the state in the last year. While there are construction challenges, there also are opportunities. There's an urgent need for <u>much more permanent affordable housing</u> for those experiencing homeless of all ages, all circumstances. We discuss some of them below.

2. Why does the state rely on the "point of time" survey (p 20) to estimate the number of youth experiencing homeless, rather than using as a starting point the figure published by the Minnesota Department of Education? CAPER notes "a 11 percent decrease in homelessness among families with children, and a three percent decrease in the number of unaccompanied youth under 25 experiencing homelessness…" between January 2018 and January 2019. MDE figures show that

the number of students experiencing homelessness has increased from 7,695 in 2013-14 to 8,696 in 2018-19 and 9.060 in 2019-20. Moreover MDE's numbers reflect only one day. Districts and charters all over the state report that the actual number of homeless youth they serve over a year is 2-3 times the number that appears on the MDE website. A federal report released in January, 2020 concluded that the number of youth experiencing homelessness in Minnesota during the 2017-18 school year was 16,698, up slightly from the 2015-16 school year.

3. What is the state planning to do to increase the number and percentage of Black, Indigenous, Families of Color served? Your report notes that of **1036 people** served by the CDBG program, **1002 were white**. Of 9478 people served by the ESG program almost half were white (4815) (page 7). What will Minnesota do to more effectively meet the permanent needs of members of BIPOC communities.

4. When discussing Minnesota's Homeless Youth Act, why does your report not mention "integrated supportive housing and transitional programs," which are included in Subdivision 1 and Subdivision 5 of this law? The report explains "Minnesota's Homeless Youth Act (HYA) program funds outreach, shelter housing and services to homeless youth across the state." (p 23) Does the agency agree that Minnesota Youth deserve more options such as the ones provided by the state wide Youth Services Network (YSN) that has a continuum of care-including housing and support services for youth experiencing homelessness? Prior Crossing and Ain Dah Yung in St Paul are examples of such options.

5. When discussing "innovative ways to reduce costs, is the agency prepared to expand support for example, to Minnesota YouthBuild? As a recent report explains, this program simultaneously teaches young people construction and other skills, while they rehab existing apartments and homes, and in some cases, actually building homes for those experiencing homelessness.

6. Has MHFA examined the possibility of supporting and replicating the homebuilding program that the Anoka Hennepin school district has carried out for more than 20 years? Isn't this an opportunity to simultaneously help young people develop value career-technical skills that are great demand, while helping construct new homes at affordable prices (Anoka-Hennepin estimates the total cost of a 3 bedroom home to be less than $100,000)

7. Is the state planning to add educators and youth who have experienced, or currently are experiencing homeless, to its statewide and metro areas interagency committees? Young people who have experienced homeless, such as the young people whose essay was published by the *Star Tribune*, have insights and ideas that we believe the state should consider. Is MHFA going to do this in the coming year?

8. What is the state agency planning to do so that the number of contracts awarded to companies headed by BIPOC Minnesotans increases? Your report describes

expenditures of more than $24 million. Yet none of the almost $7 million dollars in contracts went to BIPOC led companies and only 6 of 109 subcontracts. (p. 16)

9. Has the Housing Agency explored the concept of land trusts? These help insure that projects constructed to provide permanent affordable housing do actually stay affordable.

10. When will the agency prepare next year's plan? Please contact us. Some of us would like to be involved in the initial discussions to insure these concerns are addressed. If a draft is completed, would you please share it with us so that we can respond before it is finalized?

Dr. Tom P Abeles, executive director, Navigating Futures
Charlotte "Charlie" Castro, Professor with MinnState

Faith Dietz, HR Professional and Community Advocate
Hanna Getachew-Kreusser, MA, Executive Director, Face to Face Health and Counseling, member of the Youth Services Network (YSN)
Lee George, Neighborhoods for Homes, Powderhorn Park
Aaliyah Hodge, formerly homeless youth, B.A. University of Minnesota, M.A. Humphrey School of Public Affairs, Minneapolis
Wayne Jennings, PhD, former public school teacher, administrator, school board member, and author, Roseville
Dr. Bernadeia H. Johnson , Assistant professor MNSU, Mankato
Former Superintendent, of Minneapolis Public Schools
Jim Kielsmeir, PhD, founder, former director, National Youth Leadership Council, Roseville
Tammie Knick, MSW, LICSW, School Social Worker, DREAM Technical Academy/Technical Academies of Minnesota, Willmar, MN
Jane Leonard, President, *Growth & Justice*
Thomas E. Kottke, MD, MSPH, St. Paul
Alexis Kramer, Freedom from the Streets, Woodbury
Brook LaFloe, MEd, Niniijaanis One of Ones
Lily Lamb, co-founder of Neighbors For Homes
David Law, JD, *Superintendent*, Anoka-Hennepin School District
Shawn Lewis, Former Board Member, Goodwill Easter Seals of Minnesota & Former Trustee, Minnesota 4-H Foundation
Sarah Linnes-Robinson, Executive Director, Kingfield Neighborhood Association, Minneapolis
Jonette M. Lucia, MMA 20 years, Northwest Hennepin Family Service Collaborative, Retired
Roy Magnuson
Shane Morine, Neighbors For Homes
Amy Meuers, Chief Executive Officer National Youth Leadership Council
Joe Nathan, PhD, director, Center for School Change
Vicki Nelson, retired educator, rural Grand Rapids, Minnesota
Carin Peterson, President ~ Sheridan Neighborhood Org, Mpls
John Poupart, founder, Executive Director, American Indian Policy Center, West St. Paul
Jane Prince, St Paul City Council Member, Ward 7

Khalique Rogers, University of Minnesota student who formerly experienced homeless, entrepreneur
Sondra Samuels, President and CEO, North Side Achievement Zone
Jim Scheibel, Former Mayor of Saint Paul
Melissa Simione, Beltrami Neighborhood
John Slade, Congregational Organizer, MICAH Linda Soderstorm, experienced homelessness, Dance Movement Educator, St Charles
Lily Tharoor, concerned citizen, Falcon Heights
David Tilsen, former Minneapolis School Board member
Rashad Turner, president, Minnesota Parent Union
Randy Valencia, community activist, Northeast Minneapolis
Jim Vue, Saint Paul Public School Board Member
Mary Ann Barrows Wark
Nelsie Yang, Councilmember, Saint Paul Ward 6

Thank you for the opportunity to comment.

Be safe and well.
God's peace,
Sue Watlov Phillips M.A.
Executive Director, MICAH
President, National Coalition For The Homeless

Housing Justice Center Comments

November 30, 2020
VIA EMAIL

RE: Draft 20202 CAPER

To Whom It May Concern:

The Housing Justice Center (HJC) is a Twin Cities-based public interest legal and policy advocacy organization focused on preserving and expanding the supply of affordable housing. We write to offer comments on the State of Minnesota's Draft Consolidated Annual Performance Evaluation Report for 2020.

We understand that due to COVID-19 this was a challenging year for program administration across state government. This was also a year when the urgency for resources to support the housing needs of low-income Minnesota families was particularly acute. While we are aware that efforts to get resources out the door under exceptional circumstances mean that the information about who and how people were served by the resources is not reflected in the current draft of the CAPER, this also means that it is impossible to determine the impact of the resources here in Minnesota.

The draft report does not comply with 24 C.F.R. 91.520(a), which requires that the annual Performance Report must include, among other things, a description of the resources made available and the investment of available resources. The draft report, and related material on the MHFA website, contain three dramatically conflicting reports on availability and use of resources. First, the table on page 8 of the draft CAPER shows $26,058,000 in CDBG funds available in 2020 and only $5,787,955 used during the period. Second, the table on page 5 shows instead $16,757,320 CDBG funds available, more than $9 million less than the page 8 table, but still about $11 million unused. Third, the file labeled PR 26 on the MHFA website shows $35,501,657 of CDBG funds available, including $16.2 M of 2019 CDBG funds. The funds available for 2020 on this table, including program income, total $19,310,612 disagreeing substantially with the first two figures for CDBG funds available. Further, with the carry-over funds included the amount unspent is almost $30 million. Finally, PR 28, also on the website, shows, at 1-7, $16,329,277 of obligated funds. The amount available on that table matches that on PR 26, but the amount committed still leaves over $19 million of available funds (including the carry-over) unused.

While we understand that there are reasons for the data discrepancies, the material in the draft CAPER, with the other two sets of data on the MHFA website, collectively fail to meet the regulatory requirement. It is impossible to evaluate the efficiency of the state agencies and the programs which employ CDBG funds from this report. It cannot be submitted to HUD as is and a corrected draft report must be submitted for public comment before submission to HUD.

DEED Response

The draft CAPER Report complies with 24 C.F.R. 91.520(a). Unfortunately, due to COVID – 19, the CDBG reporting numbers are not accurately reflected in the Integrated Disbursement and Information System (IDIS) reports that are included in the CAPER. The spread of COVID-19 had *increased the strain on DEED's fiscal department resulting in a backlog of payment entries into the IDIS. Payments have been disbursed successfully to grantees, however entries in IDIS occurred after the reporting period. Hence, the data retrieved from the IDIS dashboard which are the reports attached to the CAPER do not capture the actual expenditures and appear skewed. HUD is aware of this as DEED has been in communication in regard to this matter. Funds shown as unused are earmarked and have already been committed as CDBG grants. The current balance of available funds that have not been already committed to projects, is $0.*

Who has benefitted from use of CDBG funds?

There are two tables that address this issue. The first, at page 7 of the draft CAPER, shows 1036 "families" assisted with CDBG funds. Of these only 34 (3.3%) are households of color. If the 33 Hispanic households shown separately on the table do not overlap with the other households of color, then the total assisted households of color is 67, or 6.5% of those assisted. The most recent HUD CHAS data for Minnesota (https://www.huduser.gov/portal/datasets/cp.html; "data download page"; Table 1) shows 1,737,310 Minnesota households with incomes at or below 80% of AMI, with 1,376,190 being white, non-Hispanic households. Therefore 361,120 or 20% of the households in the state with low or moderate incomes are households of color; yet only 6.5% of the families assisted by CDBG are households of color. Households of color are thus dramatically underserved by the state's use of CDBG funds. The state's statutorily required certification that it is affirmatively furthering fair housing is open to serious challenge given this statistic.

The second table is at page 19. It sets out the number of households assisted with CDBG funds who are low or moderate income. There are only 322 such households, in contrast to the table on page 7 showing 1036 "families" assisted with CDBG funds. The two tables read together imply that only 31% of the CDBG-assisted households were low/moderate income. The primary Congressional objective of the CDBG program is provision of "decent housing in a suitable living environment and expanding economic opportunities, principally for persons of low and moderate income." 42 U.S.C. 5301(c). Entitlement grantees must certify that "their projected use of funds has been developed so as to give maximum feasible priority to activities which will carry out one of the national objectives of benefit to low- and moderate-income families or aid in the prevention or elimination of slums or blight." 24 C.F.R. 570.200(a) (2). It's difficult to see how the state can make this certification.

Once again, our conclusion is that DEED is simply not well positioned to effectively utilize CDBG funds directed toward housing in a manner that affirmatively furthers fair housing. In the interest of aligning and targeting programs in a more effect manner, we believe that MHFA would be better suited to administer the housing portion of CDBG funds. As it currently stands, the state's certification that it is affirmatively furthering fair housing is highly questionable.

DEED's Response:

In this pandemic time, DEED continues promoting Fair Housing and Section 3 through webinars to grantees. Since DEED's CDBG funds are for non-entitlement communities in the Greater Minnesota area only, the number of households of color assisted does not necessarily meet HUD data for the entire state of Minnesota. Unlike the Metropolitan areas, populations of people of *color are not represented in every Greater Minnesota Community. DEED continues to encourage, where applicable, communities to apply for funds that will assist households of color. The discrepancy between the housing and the beneficiaries' data is due to the IDIS's national objective matrix of low and moderate income. Housing projects are eligible through housing activities (LMH) where race demographics can be determined while public facility projects are eligible by area benefit activity (LMA) where eligibility is based on the community meeting 51% low and moderate beneficiaries. Therefore, DEED is meeting the national objective. Our reporting data are obtained from the IDIS reporting system.*

DEED continues to make positive movements in recognizing and helping to address disparities but limited use by our diverse population continues due to the demographics in the Greater Minnesota area. In DEED's training workshops, the importance of citizen participation is emphasized to local units of government in non-entitlement areas. DEED also consults with HUD to provide future training opportunities and awareness for grantees to further outreach and promote fair housing. CDBG funds addressing housing and public facility improvements are available to applicants who meet the national objective of low and moderate income and are limited to the local unit of government's application for funding and their outreach within their communities.

CDBG funds administered by DEED are run through the State's Small Cities Program and are subject to those state rules in addition to the CDBG requirements. Thus, CDBG funds administered at DEED are focused on developing viable communities by providing financial assistance to eligible non-entitlement local unit of governments by addressing the need for decent, safe, affordable housing as well as supporting local economic development and public facility needs. Based on the need in the non-entitlement areas and in compliance with the Small Cities Grant Program, CDBG funds are focused on rehabbing and preserving housing stock, addressing slum and blight situation, economic development and by partnering with state agencies for public facility infrastructure. Based on DEED's stellar track record, ever growing number of grant applications, successful completion of rehabbed units and feedback from the communities that have benefited from CDBG funding, DEED is well positioned to manage the CDBG program. DEED has staff who possess the expertise in MN administration rules and federal regulation for community development block grants, in particular housing rehabilitation projects.

Email submitted by L. L. Soderstrom:

To Kirby Pitman

From L.L.Soderstrom
Re CAPER
Date 11/30/2020

I am responding to a very late notice of this opportunity to give feedback. Thank you very much for this opportunity to give feedback.

PLEASE STOP GIVING TIFS OUT LIKE CANDY

I lived at Crossroads at Penn in 2015 and have been Community organizing ever since. I have seen literally no change in that time. All the new good ideas coming forward from the state and the FED have involve 60 to 120% Ami buildings with TIF which will hold for 40 years and the 40-year TIF is treated as a miracle.

Nothing has been done for the 30% and below Ami Market. It is my Express opinion that the 50 to 120% Ami Market will take care of itself. The people most in need are the people at 50 and 40 and 30% Ami and below and no one is serving that need.

USE A MEDICAL MODEL VERSUS MONEY TO RULE

You all need to take a triage type approach to those in deepest need and serve them first. Meanwhile when you do not take the most in need first and preserve their housing or create new housing for them you are literally costing lives. You're costing people their jobs. You're costing people their health. You're costing people their education. And that includes quite young children who especially in the grades of kindergarten through 6th when moved around upon numerous occasions probably do lose one year of educational progress for every move. So an example would be that a second grader Who Wants To Be A Nurse when they grow up gets jumped around once. And decides by 4th grade well I'll probably be a nurse's aide. Their parents are run down. The money is used up. No one gives any nurture or attention to their career desire. And by 4th grade they themselves are tired from moving and making new friends and trying to find a teacher who can support and sponsor and nurture them.

Same said child then is forced out again by a developer who is flipping the next property and this might sound like progress to most people. The city gets a new property. Or an older property gets an uplift or a facelift or is repositioned in the market. That sounds all about the city doesn't it?

Well by the time that same child reaches 6th, if they've had to move twice between K-6 there is a probability that they may have depression or anxiety. There is a possibility that they may have forgotten completely what their dreams were. Their parents maybe so shifted off balance and off-kilter that they have now no savings whatsoever and don't even get along anymore. And instead of having a dream this child could grow up to be someone with mental or emotional or chemical problems for which they themselves need a nurse in their lives as a case manager.

SELF DETERMINATION WILL FOSTER BETTER OUTCOMES

I've been watching many of the programs including Governor Dayton's task force in full which I did attend tho was not appointed to be on the board. In fact no actual resident representatives were on any of the Committees of Governor Dayton's Housing Task Force.

That was really a shame because actual resident renters or tenants; true representatives do know how it feels and they/we have wisdom as to practicalities of living in the actual properties that you all design the programs for. You develop conduits which fund the buildings we live in. Unless you yourself have been homeless at some point in your life you really cannot understand the type of Jeopardy that we are under at all times.

Governor Dayton's task force identified the importance of housing for every Minnesotan. And at that time they estimated that (between 2020 and 2030) 300,000 new affordable units would be needed in Minnesota and that is not counting the Noah properties that are being lost due to gentrification.

BLOOMINGTON OPPORTUNITY HOUSING ORDINANCE

Please do at your earliest opportunity check into the guidelines created by Doctor Eric Johnson Ph.D in Bloomington Minnesota. The work he authored is the Bloomington opportunity housing ordinance. And I was a part of that committee for a number of years. It involves a gap funding procedure through which the most deeply poor people recieve the deeply affordable housing opportunities they need. How he goes about this is setting up a trust fund and land trusts which are contributed to by the primary industries of the given City. There will be families with history who want to give gifts or there will be corporations who wish to donate so their workforces can be housed nearby. There are also other sources and resources which have never been tried before but go into one trust account and qualify as Gap Funding for families in the lower incomes to live with families in the upper-lower incomes.

MIXED USES AND MIXED INCOME BASED HOMES FOR ALL

Another example of a new good idea is that I myself believe that 30% of every building in our nation should be occupied by families and individuals paying only 30% of their income absolutely. I believe this would be a solution to how we are needing more housing and I expect that no one in any of the housing would even mind one bit. If people were restructured financially annually according to their income and their rentals were income-based I do think we are far enough along as a culture that people of all incomes could live together in this day and age. It's just not being tried because you are not having new good ideas which are new enough or good enough to get it done. That is why I am offering to help you to change your mindset. We people in the recipiency status can see Solutions. You are just not using us and I wish you would.

VALUES CONSTRUCTS NEED A DO OVER

It is very very sad to me that this gentrification seems to be placing profit over people. We literally are spending money on shelter because we don't prevent homelessness. We are pouring money into emergency and transitional housing when people have been chronically and persistently homeless. And there are so many other populations each with their special needs who have been essentially created by your department.

Please build homes for every Minnesotan. We don't need fancy. We just want a tiny home of some sort where we can come in and lock the door and be alone or alone with our family and cook a meal and take a bath and put our head down on a pillow and pick it up in the morning and think what to do. Homelessness is not a way to live. Homelessness should be brief, rare and non-recurring. And you all know all the logos and the mottos and the scenarios. What you are not doing is supplying the homes.

Please advise who I may speak with in future about your future Caper reports and how to be involved in designing housing for Minnesotans. If you have no actual people themselves impacted in your committees and on your commissions and Boards of directors then you won't know what we think. You will have to look back after making design errors and content blunders and ask us how we would have done it.

If you have us in the room while you are thinking up these programs that will save you many steps in seeking correction.

We are here for you - you are just not using us. We do not want to be invited to town hall meetings. Nor do we want to serve on a panel one-time-only. Nor are we a special person to come for a special day. We want to be actually voting members of decision -making bodies in the housing departments, as citizen representatives for the state of Minnesota.

And yes to involve the lay person who lives in the actual housing you design and fund you will have to provide for some of our needs in participating. We will need small stipends. We will need Transportation support or someone to give us a ride. We will need funding for or the provision of childcare. Language interpretation is something you very well know is needed statewide as Minnesota has more immigrant communities combined than any other state in the Union to my knowledge.

I will stop with this for today because my time is very short. I would like to know who I may speak with in future in regards to more ideas I would have sent today if I had known about this opportunity sooner. I regret that I wasn't able to build a longer report of recommendations for you but I can in the very near future if someone has time to confer with me. Thank you very much for listening to these concerns and I do look forward to hearing from someone who can take additional thoughts and ideas from the public. These are my public comments in my own words for today.

Cordially

Linda Soderstrom
Apt #9

1112 Oakview Dr
Saint Charles MN 55972
Cell/text
507 523 2327
Landline
507 932 9908
CC
Sue Watlov Phillips
Joe Nathan

State of Minnesota Response to FFYCAPER Public Comments from Linda Soderstrom

Ms. Soderstrom,

We appreciate the thorough comments.

It's important to note that the agencies who administer these programs are not responsible for TIF nor do they have any oversight or activities on the municipal level, such as the Bloomington Opportunity Housing Ordinance cited in the comment.

The purpose of the Consolidated Annual Performance and Evaluation Report (CAPER) is to provide federally required annual reporting of activities by our state agencies for the Community Development Block Grant, HOME Investment Partnerships, National Housing Trust Fund, Emergency Solutions Grants, and the Housing Opportunities for Persons with AIDS Programs funded through HUD.

Every five years the State of Minnesota submits a Consolidated Housing and Community Development Plan to the U.S. Department of Housing and Urban Development outlining the state's goals and strategy for using federal funds to meet identified housing and community development needs. The action plan and the state's performance toward meeting goals are updated annually, as is reflected in the CAPER. The five year plan for 2017-2021 and all annual action plans and CAPER can be found at http://www.mnhousing.gov/sites/np/plans.

Through the current five year plan, the state has prioritized populations with the greatest needs for assistance in these programs, which includes renters with incomes at or below 30% of area median income, homeowners with incomes between 51 and 80% of area median income, and non-homeless people with special needs. As described in the CAPER, the HOME and National Housing Trust Programs – which are the rental development programs reflected in the report – two thirds of renter households occupying units completed in 2020 had incomes below 30% of area median income. Additionally, the requirements of the National Housing Trust Fund program are to serve this population for 100% of units.

Opportunities for input into the planning process for the final action plan of the current five-year plan include forthcoming public hearings and comment periods. This planning process focuses on the resources from HUD that are named above and the process will begin in early winter 2020 and public notification will be provided through eNews, social media and the State Register. Please do sign up for Minnesota Housing's eNews at http://www.mnhousing.gov/sites/np/enews to make sure you receive timely notification.

We recognize the need for effective community engagement more broadly as well. Minnesota Housing, through its Affordable Housing Plan, noted that this involves creating more opportunities for participation in program decision-making, listening, and taking action on what is learned. Minnesota Housing committed to create and implement a new community development and engagement strategy in 2020-2021 and to create the capacity, structure, partnerships and expertise to carry out this work effectively. In the first quarter of 2021, Minnesota Housing and Greater Minnesota Housing Fund are planning virtual engagement sessions targeted to different regions in Greater Minnesota. We know that virtual meeting platforms can be a challenge to access depending on internet connectivity and access to technology and will provide a variety of options for access. In addition to these upcoming opportunities, Minnesota Housing's engagement work group will be developing a range of strategies to build relationships with a variety of stakeholders ranging from formal engagement events to listening sessions to one on one discussions. Through this engagement work group, we will also improve our coordination across the Agency to capture and act upon the information we receive.

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MINNESOTA HOUSING

Board Agenda Item: 9.B
Date: 1/28/2021

Item: Post-Sale Report, Residential Housing Finance Bonds (RHFB) 2020 Series HI

Staff Contact(s):
Kevin Carpenter, 651.297.4009, kevin.carpenter@state.mn.us

Request Type:

☐ Approval
☐ Motion
☐ Resolution
☒ No Action Needed
☐ Discussion
☒ Information

Summary of Request:
The Agency sold $125,000,000 of Residential Housing Finance Bonds on December 9, 2020 with a closing on December 23, 2020. In accordance with the Debt and Balance Sheet Management Policy the attached detailed post-sale report is provided by the Agency's financial advisor, CSG Advisors.

Fiscal Impact:
None.

Meeting Agency Priorities:
☒ Improve the Housing System
☒ Preserve and Create Housing Opportunities
☐ Make Homeownership More Accessible
☐ Support People Needing Services
☐ Strengthen Communities

Attachment(s):
Post-Sale Report

CSG | advisors

$125,000,000
Minnesota Housing Finance Agency Residential Housing Finance Bonds 2020 Series HI

POST-SALE ANALYSIS

KEY RESULTS FOR MINNESOTA HOUSING

Purpose. 2020 Series HI accomplished the following major objectives:

1. Enabled Minnesota Housing to profitably finance tax-exempt eligible production on the balance sheet and earn net annual income over future years.

2. By recycling past bond authority, the issue required only $13.6 mill. of carryforward bond cap.

3. Achieved full spread, financed new loans without using any of Minnesota Housing's existing zero participations.

Key Measurable Objectives and Accomplishments. The results of the issue were very successful:

Objective	***Result***
Finance new production on balance sheet	$125 million of new loans in MBS securities
Leverage private activity bond volume cap	Leveraged new bond cap approx. 9.5 times.
Strengthen the RHFB indenture going forward	Increases expected net present value to the Agency.
Achieve full spread on the overall transaction	Agency earned full spread.
Preserve and carry forward existing zero participations	Carried forward zero participations to benefit future single-family bond issues and borrowers.
Minimize use of and/or create zero participations	The issue did not need any zero participations. Altogether, the agency has about $110 million of zero participations available for future issues.
Achieve cost-effective bond yield	The overall bond yield was 1.88%.
Create future income streams that will support Pool 3	Increases indenture's expected net present value by approx. $5.2 million at 150% PSA prepayment speed.

TIMING AND STRUCTURE

Timing. The bonds were priced on Wednesday, Dec. 9th. The bonds are scheduled to close on Dec. 23rd.

Sizing. The issue was sized to fund a portion of the current pipeline, while carrying forward past zero participations.

Major Design Decisions. Key decisions by Minnesota Housing were to:

- Preserve and extend existing zero participations – a key resource that issuers are allowed under the IRS tax code –to help the agency and borrowers on future bond issues. This resource can only be extended in conjunction with a large enough amount of new tax-exempt debt.
- Structure the $16.525 million of AMT bonds (Series H) as shorter serial bonds through 2028, to incur the least additional cost from AMT debt on overall bond yield.
- Utilize $108.475 million of non-AMT bonds (Series I) throughout the maturity schedule, including serials in 2021-2022 and 2028-2032, term bonds in 2035, 2040, 2045 and 2051 and a PAC bond in 2051 for 32% of the entire issue.

Rating. Bonds under the RHFB indenture are rated Aa1 by Moody's and AA+ by S & P.

Hedges. The mortgage portfolio was hedged until the bond sale. Hedge losses of $1.027 mill. are included in the arbitrage analysis, so that Minnesota Housing can recover them in the allowed IRS spread.

BOND SALE RESULTS

The sale took place near historic lows in the bond market, with some investors particularly for PAC bonds becoming concerned about the low absolute level of interest rates.

1. ***Retail Interest.*** This issue had excellent retail demand. There were $70 million of retail orders, including $54 million from Minnesota investors. This was an excellent performance, especially since the $40 million PAC bond was solely for institutional investors.

2. ***Institutional Interest.*** More than $679 million of institutional orders were received, so that altogether total orders were approximately 6 times the total amount of bonds.

3. ***Overall Pricing.*** After the pre-marketing on Tuesday, yields were lowered by 5 basis points on the non-AMT serials and 2035 and 2040 term bonds, by 10 basis points on 2045, 15 basis points on the 2051 regular term bond and 4 basis points on the PAC bond. Given the extraordinary demand during the order periods, yields were further slashed by another 5 basis points on almost all the non-AMT serials, 7.5 basis points on the 2035 term bond, 10 basis points on the 2040, 2045 and 2051 regular term bond and 4 basis points on the PAC bond. Thus, on the 2051 regular term bond, yields were reduced by 25 basis points from the original expected scale. Most of the AMT serials yields were also reduced.

4. ***Comparable Transactions.***

Series D: AMT. There are relatively few recent AMT single-family series. The most comparable transaction was in late October by Connecticut, which is AAA and tends to price very well given in- state demand. Minnesota's spreads were tighter on the shorter maturities and wider on the longer maturities.

Series E: Non-AMT. There were two state single-family Non-AMT issues the week before, Oregon and Oklahoma, and just the day before by MassHousing, with a similar size ($102.6 million) and ratings to Minnesota. MassHousing is thus the best comparable. As a result of Minnesota's repricing, its ultimate levels on the longest serials were 5 to 10 basis through Massachusetts, 7.5 basis points on the 2035 maturity, 12.5 basis points on 2040, 15 basis points (and a year longer) on the 2045 maturity, while the spread on the PAC bonds was the same.

UNDERWRITING

Underwriters. RBC was senior manager, with J.P. Morgan, Piper Sandler and Wells Fargo as co-managers.

Sales by Underwriter. As indicated above, this RHFB issue received excellent retail demand. Following are the in-state retail orders and allotments.

Member	**Role**	**Minn. Retail Orders**	**Minn. Retail Allotments**
RBC	Senior Manager	**29,290,000**	**12,425,000**
J.P. Morgan	Co-Manager	900,000	525,000
Piper Sandler	Co-Manager	10,420,000	1,950,000
Wells Fargo	Co-Manager	10,210,000	2,840,000
Subtotal co-managers		**21,530,000**	**5,315,000**
Robert W. Baird	Selling Group	100,000	75,000
Morgan Stanley	Selling Group	1,280,000	305,000
UBS	Selling Group	2,135,000	700,000
Subtotal selling group		**3,515,000**	**1,080,000**
Total		**54,335,000**	**18,820,000**

In addition to RBC, there were extraordinary contributions by co-managers, both retail and institutional. J.P. Morgan brought in $56.6 million of orders, including $54.2 million of institutional orders; Wells Fargo brought in $24.7 million, including $12.3 million of institutional order; and Piper Sandler brought in $10.9 million of orders, primarily Minnesota retail.

Underwriter Fees. Management fees were appropriate, consistent with industry standards, and in the same range as fees reported for other housing issues of similar size and structure.

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ISSUE DETAILS

Key Dates:	Pricing:	Wednesday, December 9, 2020
	Closing Date:	Wednesday, December 23, 2020

Economic Calendar. Almost all economic news since mid-March has been driven by the COIVID-19 pandemic. Eight months into the pandemic, initial weekly jobless claims are still over 700,000; this is partly due to spikes in cases, hospitalizations and deaths leading to re-lockdowns of states and localities. In late October, the Federal Reserve announced that it would continue to keep short-term rates near 0%. The November news with the biggest impact on markets was the networks calling the Presidential election and the announcement of 90%+ success rate in trials for a COVID-19 vaccine. This led many investors to buy stocks, with the Dow up over 800 points in a single day. Since then, economic news has been relatively quiet. Initial jobless claims came in at 712,000 on the Thursday before the sale, somewhat lower than forecast and previous weeks. More significantly, growth in non-farm payrolls was only 245,000, about half of what analysts had been forecasting, and far below prior weeks – indicating the impact of the pandemic spike and additional lockdowns.

Treasuries. Yields have dropped dramatically this year, largely due to the pandemic and resulting economic contraction. The 10-year UST fell from 1.88% at the beginning of January and was 0.54% when HFB Series A was priced on March 9th. Yields then fluctuated in a relatively narrow range, dropping to 0.55% when HFB D was priced in early August. Since then, Treasury yields increased modestly, to 0.68% when RHFB FG was priced in mid-September. On November 9th, when vaccine tests results were released, the yield shot up to 0.96%. The 10-year was almost the same, 0.95%, on the date of pricing.

Municipals. The municipal market index had outperformed Treasuries in 2019 and early 2020 before the pandemic. With the global flight to quality in March, Treasuries dramatically outperformed municipals, leading to record ratios of MMD to Treasury. Starting in late April, however, many investors returned to municipals, driving muni yields down, often by 5 to 10 basis points per day, and there have been more than 30 straight weeks of inflows. Municipal rates were near all-time lows when HFB D was priced in early August – when there are particularly high bond redemptions and investors have cash to reinvest. Since then, extraordinary demand and modest supply have helped municipals dramatically outperform Treasuries. Since HFB E priced, 10-year Treasury stayed almost the same, while 10-year MMD dropped by 15 basis points. The MMD to Treasury ratio, 170% in May was down to 75% at the time of pricing.

Issue	Date	10-Year Treasury	10-Year MMD	MMD/ Treasury	30-Year Treasury	30-Year MMD	MMD/ Treasury
2019 HFB AB	2/7/19	2.65%	2.14%	80.8%	3.00%	3.00%	100.0%
2019 RHFB ABCD	3/7/19	2.64%	2.08%	78.8%	3.03%	2.92%	96.4%
2019 HFB CD	5/14/19	2.42%	1.73%	71.5%	2.86%	2.39%	83.6%
2019 HFB E	6/13/19	2.10%	1.66%	79.0%	2.61%	2.35%	90.0%
2019 HFB F	7/16/19	2.13%	1.58%	74.2%	2.63%	2.29%	87.1%
2019 RHFB EFGH	8/20/19	1.55%	1.23%	79.4%	2.04%	1.90%	93.1%
2019 HFB G	11/13/19	1.88%	1.58%	84.0%	2.36%	2.19%	92.8%
2019 HFB H	12/11/19	1.79%	1.42%	79.3%	2.23%	2.02%	90.6%
2020 RHFB ABC	1/23/20	1.74%	1.25%	71.8%	2.18%	1.90%	87.2%
2020 HFB A	3/9/20	0.54%	0.78%	144.4%	0.99%	1.38%	139.4%
2020 HFB BC	5/13/20	0.64%	1.09%	170.3%	1.35%	1.90%	140.7%
2020 RHFB DE	6/9/20	0.84%	0.88%	104.8%	1.59%	1.68%	105.7%
2020 HFB D	8/6/20	0.55%	0.59%	107.3%	1.20%	1.28%	106.7%
2020 RHFB FG	9/15/20	0.68%	0.84%	123.5%	1.43%	1.58%	110.5%
2020 HFB E	**11/9/20**	**0.96%**	**0.86%**	**89.6%**	**1.73%**	**1.61%**	**93.1%**
2020 RHFB HI	**12/9/20**	**0.95%**	**0.71%**	**74.7%**	**1.69%**	**1.40%**	**82.8%**
Change from 2020 HFB E		**-1 bp**	**- 15 bp**	**-14.9 %**	**- 4 bp**	**- 21 bp**	**-10.3 %**

AMT SINGLE FAMILY HOUSING PRICING COMPARABLES, PAST 6 MONTHS PLUS EARLIER MHFA

Pricing Date		12/9/20		12/8/20		10/21/20		10/7/20		10/1/20	
Amount		$16,525,000		$2,805,000		$56,365,000		$14,690,000		$4,185,000	
Issuer		Minnesota HFA		Massachusetts HFA		Connecticut HFA		Wyoming CDA		Colorado HFA	
Series		2020 Series H		Series 219		2020 Series E-2		2020 Series 3		2020 Series G	
Program		Single Family / Negotiated		Single Family / Negotiated		Single Family / Negotiated		Single Family / Negotiated		Single Family / Negotiated	
Rating(s)		Aa1 / AA+ / -		Aa1 / AA+ / -		Aaa / AAA / -		Aa1 / AA+ / -		Aaa / AAA / -	
Tax Status		AMT		AMT		AMT		AMT		AMT	
Year	Maturity ('20 pricings)	Coupon/ Yield	Spread to iMMD	Coupon/ Yield	Spread to iMMD	Coupon/ Yield	Spread to iMMD	Coupon/ Yield	Spread to iMMD	Coupon/ Yield	Spread to iMMD
0	2020										
1	2021	0.250	+12	0.25*	+12	0.35 / 0.40	+18 / +23	0.30* / 0.35*	+16 / +21	0.30 / 0.35	+18 / +23
2	2022	0.30 / 0.375	+17 / +24	0.35* / 0.40*	+21 / +26	0.50 / 0.55	+32 / +37	0.45* / 0.50*	+30 / +35	0.45 / 0.50	+32 / +37
3	2023	0.55 / 0.60	+40 / +44			0.65 / 0.75	+46 / +56	0.70* / 0.75*	+54 / +59	0.70 / 0.75	+56 / +61
4	2024	0.65 / 0.70	+49 / +52			0.80 / 0.85	+59 / +63	0.80* / 0.85*	+60 / +65	0.80 / 0.85	+63 / +67
5	2025	0.80 / 0.85	+62 / +64			0.95 / 1.00	+69 / +71			0.950	+71
6	2026	1.00 / 1.10	+77 / +80			1.15 / 1.20	+73 / +76				
7	2027	1.20 / 1.35	+89 / +96			1.35 / 1.40	+80 / +81				
8	2028	1.45 / 1.50	+102 / +100			1.65 / 1.70	+96 / +97				
9	2029					1.90 / 2.00	+106 / +113				
10	2030					2.05 / 2.15	+111 / +118				
11	2031					2.250	+121 / +119				
12	2032										
13	2033										
14	2034										
15	2035										
PAC											
Notes				* All 5% coupons and not subject to redemption prior to maturity (lock out bonds)				* All 5% coupons and not subject to redemption prior to maturity (lock out bonds)			
Maturity Dates		7/1 and 1/1		12/1 and 6/1		5/15 and 11/15		6/1 and 12/1		5/1 and 11/1	
Call Provisions		None		None		11/15/29 at par		None		None	
Mkt Index		BBI / RBI 2.13% / 2.58%		BBI / RBI 2.13% / 2.58%		BBI / RBI 2.37% / 2.79%		BBI / RBI 2.25% / 2.67%		BBI / RBI 2.25% / 2.67%	
Sr Manager		RBC Capital Markets		Morgan Stanley		BofA Securities		Barclays		RBC Capital Markets	

AMT SINGLE FAMILY HOUSING PRICING COMPARABLES, PAST 6 MONTHS PLUS EARLIER MHFA

Pricing Date		9/15/20		9/15/20		9/2/20		9/1/20		8/20/20	
Amount		$15,630,000		$15,630,000		$2,815,000		$19,245,000		$12,500,000	
Issuer		Minnesota HFA		Minnesota HFA		Massachusetts HFA		SONYMA		Nebraska IFA	
Series		2020 Series F		2020 Series F		Series 217		Series 228		2020 Series B	
Program		Single Family / Negotiated		Single Family / Negotiated		Single Family / Negotiated		Single Family / Negotiated		Single Family / Negotiated	
Rating(s)		Aa1 / AA+ / -		Aa1 / AA+ / -		Aa1 / AA+ / -		Aa1 / - / -		- / AA+ / -	
Tax Status		AMT		AMT		AMT		AMT		AMT	
Year	Maturity ('20 pricings)	Coupon/ Yield	Spread to iMMD	Coupon/ Yield	Spread to iMMD	Coupon/ Yield	Spread to iMMD	Coupon/ Yield	Spread to iMMD	Coupon/ Yield	Spread to iMMD
0	2020										
1	2021	0.35 / 0.40	+23 / +28	0.35 / 0.40	+23 / +28	0.34 / 0.44	+19 / +29	0.40 / 0.45	+25 / +30	0.30 / 0.45	+18 / +32
2	2022	0.45 / 0.50	+33 / +37	0.45 / 0.50	+33 / +37	0.47 / 0.52	+31 / +36	0.50 / 0.55	+34 / +39	0.55 / 0.65	+42 / +51
3	2023	0.65 / 0.70	+52 / +56	0.65 / 0.70	+52 / +56			0.65 / 0.70	+48 / +53	0.75 / 0.80	+61 / +65
4	2024	0.85 / 0.90	+70 / +72	0.85 / 0.90	+70 / +72			0.85 / 0.90	+65 / +69	0.90 / 1.00	+74 / +82
5	2025	1.05 / 1.10	+85 / +87	1.05 / 1.10	+85 / +87			1.05 / 1.10	+80 / +83	1.05 / 1.15	+84 / +91
6	2026	1.25 / 1.35	+96 / +100	1.25 / 1.35	+96 / +100			1.25 / 1.30	+91 / +94	1.25 / 1.35	+96 / +102
7	2027	1.45 / 1.50	+100 / +102	1.45 / 1.50	+100 / +102			1.40 / 1.45	+93 / +95	1.45 / 1.50	+104 / +106
8	2028	1.65 / 1.70	+106 / +109	1.65 / 1.70	+106 / +109			1.60 / 1.65	+100 / +103		
9	2029							1.80 / 1.85	+109 / +113		
10	2030							1.95 / 2.00	+115 / +118		
11	2031							2.10 / 2.15	+123 / +126		
12	2032										
13	2033										
14	2034										
15	2035										
PAC											
Notes						All 5% coupons					
Maturity Dates		1/1 and 7/1		1/1 and 7/1		6/1 and 12/1		4/1 and 10/1		3/1 and 9/1	
Call Provisions		None		None		None		10/1/29 at par		None	
Mkt Index		BBI / RBI 2.22% / 2.64%		BBI / RBI 2.22% / 2.64%		BBI / RBI 2.20% / 2.62%		BBI / RBI 2.20% / 2.62%		BBI / RBI 2.15% / 2.57%	
Sr Manager		RBC Capital Markets		RBC Capital Markets		RBC Capital Markets		Citigroup		J.P. Morgan	

AMT SINGLE FAMILY HOUSING PRICING COMPARABLES, PAST 6 MONTHS PLUS EARLIER MHFA

Pricing Date		8/6/20		7/28/20		7/28/20		7/8/20		6/9/20	
Amount		$12,715,000		$44,115,000		$46,240,000		$6,315,000		$19,300,000	
Issuer		Indiana HCDA		Connecticut HFA		New Jersey HMFA		Colorado HFA		Minnesota HFA	
Series		2020 Series B-2		2020 Series C-2		2020 Series F		2020 Series D		2020 Series D	
Program		Single Family / Negotiated		Single Family / Negotiated		Single Family / Negotiated		Single Family / Negotiated		Single Family / Negotiated	
Rating(s)		Aaa / - / -		Aaa / AAA / -		Aa2 / AA / -		Aaa / AAA / -		Aa1 / AA+ / -	
Tax Status		AMT		AMT		AMT		AMT		AMT	
Year	Maturity ('20 pricings)	Coupon/ Yield	Spread to iMMD	Coupon/ Yield	Spread to iMMD	Coupon/ Yield	Spread to iMMD	Coupon/ Yield	Spread to iMMD	Coupon/ Yield	Spread to iMMD
0	2020										
1	2021	0.260	+17	0.25 / 0.30	+12 / +17	0.550	+43	0.45 / 0.50	+20 / +25	0.45 / 0.50	+29 / +32
2	2022	0.36 / 0.43	+27 / +33	0.450	+30 / +30	0.700	+56	0.625 / 0.65	+36 / +38	0.60 / 0.65	+42 / +44
3	2023	0.53 / 0.64	+43 / +53	0.55 / 0.65	+39 / +49	0.850	+69	0.80 / 0.90	+52 / +62	0.85 / 0.90	+64 / +67
4	2024	0.74 / 0.82	+63 / +68	0.75 / 0.85	+55 / +64	1.050	+86	1.05 / 1.10	+73 / +77	1.050	+79 / +75
5	2025	0.880	+74	0.98 / 1.08	+70 / +77	1.250	+98	1.30 / 1.35	+90 / +92	1.35 / 1.40	+101 / +102
6	2026			1.130	+75	1.50 / 1.60	+113 / +120	1.500	+96	1.625 / 1.65	+116 / +112
7	2027			1.330	+85	1.70 / 1.80	+122 / +130			1.800	+119
8	2028			1.630	+105	1.85 / 1.90	+130 / +133				
9	2029			1.73 / 1.83	+110 / +118						
10	2030			2.00 / 2.05	+130 / +133						
11	2031			2.10 / 2.15	+135 / +138						
12	2032										
13	2033										
14	2034			2.200	+123						
15	2035										
PAC											
Notes		All 5% coupons		2021-2029 are 5% coupons							
Maturity Dates		7/1 and 1/1		5/15 and 11/15		4/1/21-28, 10/1/26-28		5/1 and 11/1		1/1 and 7/1	
Call Provisions		None		11/15/29 at par		None		None		None	
Mkt Index		BBI / RBI 2.02% / 2.44%		BBI / RBI 2.10% / 2.52%		BBI / RBI 2.10% / 2.52%		BBI / RBI 2.21% / 2.63%		BBI / RBI 2.16% / 2.58%	
Sr Manager		J.P. Morgan		RBC Capital Markets		Barclays		Barclays		RBC Capital Markets	

AMT SINGLE FAMILY HOUSING PRICING COMPARABLES, PAST 6 MONTHS PLUS EARLIER MHFA

Pricing Date		1/23/20		8/20/19		3/7/19		11/14/18		6/7/18	
Amount		$20,850,000		$13,225,000		$7,865,000		$14,800,000		$28,820,000	
Issuer		Minnesota HFA		Minnesota HFA		Minnesota HFA		Minnesota HFA		Minnesota HFA	
Series		2020 Series A		2019 Series E		2019 Series A		2018 Series F		2018 Series A	
Program		Single Family / Negotiated		Single Family / Negotiated		Single Family / Negotiated		Single Family / Negotiated		Single Family / Negotiated	
Rating(s)		Aa1 / AA+ / -		Aa1 / AA+ / -		Aa1 / AA+ / -		Aa1 / AA+ / -		Aa1 / AA+ / -	
Tax Status		AMT		AMT		AMT		AMT		AMT	
Year	Maturity ('20 pricings)	Coupon/ Yield	Spread to iMMD	Coupon/ Yield	Spread to iMMD	Coupon/ Yield	Spread to iMMD	Coupon/ Yield	Spread to iMMD	Coupon/ Yield	Spread to iMMD
0	2020	1.050				1.850					
1	2021	1.10 / 1.15	+26 / +31	1.200	+24	1.950	+38	2.200	+31	1.80 / 1.90	+33 / +36
2	2022	1.25 / 1.30	+40 / +45	1.30 / 1.35	+34 / +39	2.150	+57	2.40 / 2.50	+42 / +46	2.05 / 2.20	+40 / +50
3	2023	1.350	+50 / +50	1.40 / 1.45	+43 / +48	2.250	+65	2.65 / 2.75	+58 / +64	2.35 / 2.45	+58 / +64
4	2024	1.450	+59 / +59	1.50 / 1.55	+53 / +58	2.400	+78	2.85 / 2.95	+70 / +77	2.50 / 2.55	+64 / +65
5	2025	1.550	+69 / +68	1.60 / 1.65	+63 / +67	2.450	+76	3.00 / 3.05	+78 / +80	2.65 / 2.70	+69 / +70
6	2026	1.65 / 1.70	+74 / +76	1.70 / 1.75	+72 / +75	2.625	+86	3.10 / 3.15	+81 / +83	2.85 / 2.90	+77 / +77
7	2027							3.25 / 3.30	+89 / +90	3.00 / 3.05	+79 / +80
8	2028							3.40 / 3.50	+93 / +99	3.15 / 3.25	+84 / +90
9	2029									3.35 / 3.40	+98 / +100
10	2030									3.45 / 3.50	+102 / +104
11	2031										
12	2032										
13	2033										
14	2034									3.625	+99
15	2035										
PAC											
Notes											
Maturity Dates		7/1 and 1/1		7/1 and 1/1		7/1		7/1 and 1/1		1/1 and 7/1	
Call Provisions		None		None		None		None		7/1/27 at par	
Mkt Index		BBI / RBI 2.54% / 3.04%		BBI / RBI 3.10% / 3.58%		BBI / RBI 4.09% / 4.56%		BBI / RBI 4.36% / 4.85%		BBI / RBI 3.88% / 4.37%	
Sr Manager		RBC Capital Markets		RBC Capital Markets		RBC Capital Markets		RBC Capital Markets		RBC Capital Markets	

NON-AMT SINGLE FAMILY HOUSING PRICING COMPARABLES, PAST 3 MONTHS PLUS EARLIER MHFA

Pricing Date		12/9/20		12/8/20		12/1/20		12/1/20		11/10/20		10/29/20		10/28/20	
Amount		$108,475,000		$102,565,000		$30,000,000		$60,000,000		$125,000,000		$151,630,000		$35,645,000	
Issuer		Minnesota HFA		Massachusetts HFA		Oklahoma HFA		Oregon HCSD		North Dakota HFA		Michigan SHDA		Maine SHA	
Series		2020 Series I		Series 220		Series 2020B		2020 Series C		2020 Series B		2020 Series C		2020 Series G	
Program		Single Family / Negotiated		Single Family / Negotiated		Single Family / Negotiated		Single Family / Negotiated		Single Family / Negotiated		Single Family / Negotiated		Single Family / Negotiated	
Rating(s)		Aa1 / AA+ / -		Aa1 / AA+ / -		Aaa / - / -		Aa2 / - / -		Aa1 / - / -		Aa2 / AA+ / -		Aa1 / AA+ / -	
Tax Status		Non-AMT		Non-AMT		Non-AMT		Non-AMT		Non-AMT		Non-AMT		Non-AMT	
Year	Maturity ('20 pricings)	Coupon/ Yield	Spread to iMMD	Coupon/ Yield	Spread to iMMD	Coupon/ Yield	Spread to iMMD	Coupon/ Yield	Spread to iMMD	Coupon/ Yield	Spread to iMMD	Coupon/ Yield	Spread to iMMD	Coupon/ Yield	Spread to iMMD
0	2020														
1	2021	0.150	+2			0.150	+1			0.200	+2	0.25 / 0.30	+5 / +10		
2	2022	0.200	+7	0.15*	+1	0.20 / 0.25	+6 / +10	0.20 / 0.30	+6 / +15	0.30 / 0.375	+11 / +18	0.35 / 0.40	+14 / +19		
3	2023			0.20* / 0.25*	+4 / +9	0.30 / 0.35	+14 / +18	0.35 / 0.40	+19 / +23	0.45 / 0.50	+24 / +28	0.45 / 0.50	+23 / +28		
4	2024			0.30* / 0.35*	+12 / +17	0.40 / 0.45	+22 / +26	0.45 / 0.50	+28 / +31	0.50 / 0.60	+28 / +36	0.55 / 0.625	+30 / +38	0.500	+26
5	2025			0.40* / 0.45*	+20 / +22	0.50 / 0.60	+30 / +37	0.600	+41 / +38	0.65 / 0.75	+41 / +48	0.75 / 0.875	+46 / +56	0.650	+35
6	2026			0.55* / 0.60*	+25 / +29	0.70 / 0.80	+43 / +48	0.80 / 0.85	+56 / +54	0.90 / 1.05	+56 / +63	1.05 / 1.15	+62 / +71	0.950	+51
7	2027			0.70* / 0.75*	+32 / +34	0.90 / 1.00	+55 / +59	0.95 / 1.05	+63 / +65	1.15 / 1.25	+71 / +73	1.25 / 1.35	+69 / +76	1.200	+61
8	2028	1.150	+65	0.85* / 0.95*	+36 / +42	1.10 / 1.20	+64 / +68	1.125 / 1.25	+69 / +74	1.35 / 1.45	+79 / +82	1.50 / 1.65	+80 / +91	1.450	+72
9	2029	1.30 / 1.35	+74 / +74	1.05* / 1.35	+44 / +72	1.30 / 1.40	+71 / +77	1.40 / 1.50	+83 / +88	1.65 / 1.75	+96 / +101	1.80 / 1.85	+98 / +101	1.700	+86
10	2030	1.45 / 1.55	+81 / +86	1.50 / 1.60	+81 / +89	1.55 / 1.625	+88 / +92	1.60 / 1.70	+95 / +100	1.800	+101 / +96	1.95 / 2.00	+103 / +106	1.850	+91
11	2031	1.700	+97 / +92	1.75 / 1.80	+97 / +101	1.65 / 1.75	+90 / +96	1.75 / 1.85	+102 / +107	1.95 / 2.00	+106 / +106	2.05 / 2.10	+103 / +107	2.000	+97
12	2032	1.75 / 1.80	+95 / +96	1.85 / 1.90	+101 / +105	1.80 / 1.85	+97 / +99	1.90 / 1.95	+109 / +110	2.050	+108 / +104	2.15 / 2.20	+105 / +109	2.050	+94
13	2033					1.900	+102 / +99							2.100	+91
14	2034													2.150	+92
15	2035	1.875	+90	1.950	+97	1.950	+96	2.000	+101	2.100	+92	2.350	+107	2.200	+92
16	2036														
17	2037					2.100	+103								
18	2038														
19	2039														
20	2040	2.000	+82	2.125	+95			2.200	+101	2.350	+96	2.600	+111	2.450	+96
21	2041														
22	2042														
23	2043														
24	2044			2.300	+98			2.350	+102	2.500	+97				
25	2045	2.150	+80												
26	2046														
27	2047														
28	2048														
29	2049														
30	2050														
31	2051	2.200	+85 to 30yr									2.875	+116.5 to 30yr		
PAC 1		3.00C/0.88Y	+65 to 5yr	3.00C/0.88Y	+65 to 5yr	3.25C/0.91Y	+67 to 5yr	3.00C/0.91Y	+67 to 5yr	3.00C/0.99Y	+70 to 5yr	3.00C/1.03Y	+72 to 5yr		
Notes		1/1/51 PAC bond has 3% coupon priced at 110.312 to yield 0.88% and has an average life of 5 years from 100-500% PSA		* 12/22-6/29 are 5% cpns not subject to redempt (lock out); 12/50 PAC has 3% cpn at 110.301 to yield 0.88% w/ 5 year avg. life 100-400% PSA		9/1/50 PAC bond has 3.25% coupon priced at 111.353 to yield 0.91% and has an average life of 5 years from 100-400% PSA		1/1/52 PAC bond has 3.00% coupon priced at 110.151 to yield 0.91% and has an average life of 5 years from 100-400% PSA		7/1/51 PAC bond has 3% coupon priced at 109.730 to yield 0.99% and has an average life of 5 years from 100-400% PSA		6/1/51 is 2.75% coupon; 6/1/51 PAC bond has 3% coupon at 109.499 to yield 1.03% with 5 year avg. life 50-500% PSA		11/15/40 is 2.375% coupon at 98.82 to yield 2.45%	
Maturity Dates		7/1 and 1/1		12/1 and 6/1		9/1 and 3/1		1/1 and 7/1		7/1 and 1/1		6/1 and 12/1		11/15	
Call Provisions		1/1/30 at par		6/1/30 at par		9/1/29 at par		7/1/29 at par		1/1/30 at par		6/1/30 at par		11/15/29 at par	
Mkt Index		BBI / RBI 2.13% / 2.58%		BBI / RBI 2.13% / 2.58%		BBI / RBI 2.13% / 2.58%		BBI / RBI 2.13% / 2.58%		BBI / RBI 2.24% / 2.60%		BBI / RBI 2.34% / 2.76%		BBI / RBI 2.37% / 2.79%	
Sr Manager		RBC Capital Markets		Morgan Stanley		BofA		J.P. Morgan		RBC Capital Markets		Barclays		Barclays	

NON-AMT SINGLE FAMILY HOUSING PRICING COMPARABLES, PAST 3 MONTHS PLUS EARLIER MHFA

Pricing Date		10/28/20		10/21/20		10/15/20		10/15/20		10/7/20		10/5/20		10/1/20	
Amount		$38,835,000		$76,075,000		$50,000,000		$44,960,000		$110,690,000		$110,850,000		$47,415,000	
Issuer		Washington SHFC		Connecticut HFA		Missouri HDC		West Virginia HDF		Wyoming CDA		Georgia HFA		Colorado HFA	
Series		2020 Series 2N		2020 Series E-1		2020 Series D		2020 Series B,C		2020 Series 2		2020 Series B		2020 Series H	
Program		Single Family / Negotiated		Single Family / Negotiated		Single Family / Negotiated		Single Family / Negotiated		Single Family / Negotiated		Single Family / Negotiated		Single Family / Negotiated	
Rating(s)		Aaa / - / -		Aaa / AAA / -		- / AA+ / -		Aaa / AAA / -		Aa1 / AA+ / -		- / AAA / -		Aaa / AAA / -	
Tax Status		Non-AMT		Non-AMT		Non-AMT		Non-AMT		Non-AMT		Non-AMT		Non-AMT	
Year	Maturity ('20 pricings)	Coupon/ Yield	Spread to iMMD	Coupon/ Yield	Spread to iMMD	Coupon/ Yield	Spread to iMMD	Coupon/ Yield	Spread to iMMD	Coupon/ Yield	Spread to iMMD	Coupon/ Yield	Spread to iMMD	Coupon/ Yield	Spread to iMMD
0	2020														
1	2021	0.20 / 0.25	+1 / +6			0.15 / 0.20	+0 / +5	0.15 / 0.20	+0 / +5						
2	2022	0.30 / 0.35	+10 / +15			0.25 / 0.30	+9 / +14	0.25 / 0.30	+9 / +14						
3	2023	0.40 / 0.45	+19 / +24			0.35 / 0.40	+18 / +23	0.35 / 0.40	+18 / +23			0.30 / 0.35	+16 / +21		
4	2024	0.50 / 0.55	+26 / +31			0.45 / 0.55	+25 / +34	0.45 / 0.50	+25 / +29	0.550	+35	0.40 / 0.45	+22 / +27		
5	2025	0.65 / 0.70	+37 / +39			0.60 / 0.65	+34 / +36	0.60 / 0.65	+34 / +36	0.65 / 0.70	+37 / +39	0.55 / 0.60	+29 / +32	0.60 / 0.65	+36 / +38
6	2026	0.90 / 0.95	+47 / +51			0.80 / 0.85	+38 / +41	0.80 / 0.85	+38 / +41	0.85 / 0.90	+41 / +45	0.75 / 0.80	+36 / +40	0.80 / 0.85	+44 / +47
7	2027	1.10 / 1.15	+54 / +56			1.00 / 1.10	+46 / +52	1.00 / 1.10	+46 / +52	1.10 / 1.15	+54 / +56	0.95 / 1.00	+44 / +46	1.00 / 1.05	+52 / +53
8	2028	1.35 / 1.40	+65 / +66			1.30 / 1.35	+63 / +64	1.30 / 1.35	+63 / +64	1.35 / 1.40	+66 / +67	1.25 / 1.30	+61 / +62	1.30 / 1.35	+69 / +70
9	2029	1.65 / 1.70	+83 / +86			1.55 / 1.65	+73 / +80	1.50 / 1.60	+68 / +75	1.65 / 1.70	+81 / +84	1.50 / 1.55	+71 / +74	1.55 / 1.60	+80 / +82
10	2030	1.80 / 1.85	+88 / +91			1.75 / 1.80	+83 / +85	1.75 / 1.80	+83 / +85	1.80 / 1.85	+86 / +89	1.65 / 1.70	+76 / +79	1.70 / 1.75	+84 / +87
11	2031	1.95 / 2.00	+93 / +97			1.90 / 1.95	+88 / +91	1.90 / 1.95	+88 / +91	1.90 / 1.95	+86 / +90	1.80 / 1.85	+82 / +86	1.85 / 1.90	+92 / +95
12	2032	2.050	+95 / +94			2.000	+90 / +88	2.000	+90 / +88	2.000	+88 / +87	1.90 / 1.95	+84 / +88	1.95 / 2.00	+94 / +97
13	2033					2.050	+87 / +85								
14	2034														
15	2035	2.150	+87	2.200	+89	2.100	+81	2.050	+76	2.100	+80	2.050	+81	2.100	+90
16	2036														
17	2037														
18	2038													2.200	+87
19	2039														
20	2040	2.350	+86	2.350	+83	2.250	+75	2.250	+75	2.250	+74	2.200	+75		
21	2041														
22	2042														
23	2043														
24	2044	2.450	+82												
25	2045					2.450	+78	2.400	+73			2.350	+74		
26	2046														
27	2047														
28	2048														
29	2049														
30	2050					2.550	+83	2.500	+78			2.500	+84		
31	2051														
PAC 1		3.00C/0.98Y	+68 to 5yr	3.00C/0.96Y	+70 to 4.5yr	3.25C/0.95Y	+67 to 5yr			3.00C/1.00Y	+71 to 5yr			3.00C/0.94Y	+71 to 4.4yr
Notes		12/1/50 PAC bond has 3% coupon priced at 109.789 to yield 0.98% and has an average life of 5 years from 100-500% PSA		11/35 is 2.125% coupon; 11/15/50 PAC bond has 3% coupon at 108.904 to yield 0.96% with 4.5 year avg. life 75-500% PSA		5/1/51 PAC bond has 3.25% coupon priced at 111.153 to yield 0.95% and has an average life of 5 years from 100-400% PSA				6/1/49 PAC bond has 3.00% coupon priced at 109.679 to yield 1.00% and has an average life of 5 years from 75-450% PSA				5/1/50 PAC bond has 3.00% coupon priced at 108.822 to yield 0.94% and has an average life of 4.4 years from 100-400% PSA	
Maturity Dates		6/1 and 12/1		11/15		5/1 and 11/1		5/1 and 11/1		12/1 and 6/1		6/1 and 12/1		5/1 and 11/1	
Call Provisions		6/1/30 at par		5/15/30 at par		5/1/30 at par		5/1/30 at par		6/1/30 at par excl. PAC		6/1/30 at par		11/1/29 at par	
Mkt Index		BBI / RBI 2.37% / 2.79%		BBI / RBI 2.37% / 2.79%		BBI / RBI 2.35% / 2.77%		BBI / RBI 2.35% / 2.77%		BBI / RBI 2.25% / 2.67%		BBI / RBI 2.25% / 2.67%		BBI / RBI 2.25% / 2.67%	
Sr Manager		RBC Capital Markets		BofA Securities		Stifel		Raymond James		Barclays		Raymond James		RBC Capital Markets	

NON-AMT SINGLE FAMILY HOUSING PRICING COMPARABLES, PAST 3 MONTHS PLUS EARLIER MHFA

Pricing Date		9/29/20		9/29/20		9/24/20		9/23/20		9/22/20		9/17/20		9/16/20	
Amount		$80,000,000		$145,000,000		$55,000,000		$123,280,000		$125,000,000		$30,000,000		$200,000,000	
Issuer		Illinois HDA		Tennessee HDA		New Mexico MFA		South Carolina HFA		Florida HFC		Montana BOH		North Carolina HFA	
Series		2020 Series B		Issue 2020-4		2020 Series B		2020 Series B		2020 Series 2		2020 Series C		Series 45	
Program		Single Family / Negotiated		Single Family / Negotiated		Single Family / Negotiated		Single Family / Negotiated		Single Family / Negotiated		Single Family / Negotiated		Single Family / Negotiated	
Rating(s)		Aaa / - / -		Aa1 / AA+ / -		Aaa / - / -		Aaa / - / -		Aaa / - / -		Aa1 / AA+ / -		Aa1 / AA+ / -	
Tax Status		Non-AMT		Non-AMT		Non-AMT		Non-AMT		Non-AMT		Non-AMT		Non-AMT	
Year	Maturity ('20 pricings)	Coupon/ Yield	Spread to iMMD	Coupon/ Yield	Spread to iMMD	Coupon/ Yield	Spread to iMMD	Coupon/ Yield	Spread to iMMD	Coupon/ Yield	Spread to iMMD	Coupon/ Yield	Spread to iMMD	Coupon/ Yield	Spread to iMMD
0	2020														
1	2021	0.15 / 0.20	+3 / +8	0.150	+3	0.200	+8					0.15 / 0.20	+3 / +8	0.150	+3
2	2022	0.25 / 0.30	+12 / +17	0.20 / 0.25	+8 / +12	0.25 / 0.30	+13 / +17	0.25 / 0.30	+13 / +17	0.25 / 0.30	+13 / +17	0.30 / 0.35	+17 / +22	0.25 / 0.30	+13 / +17
3	2023	0.40 / 0.45	+26 / +31	0.35 / 0.40	+22 / +26	0.40 / 0.45	+27 / +31	0.40 / 0.45	+27 / +31	0.40 / 0.45	+27 / +31	0.45 / 0.50	+31 / +36	0.375 / 0.40	+25 / +26
4	2024	0.50 / 0.55	+33 / +37	0.45 / 0.50	+30 / +32	0.50 / 0.55	+35 / +37	0.50 / 0.55	+35 / +37	0.50 / 0.55	+35 / +37	0.55 / 0.60	+37 / +42	0.50 / 0.55	+35 / +37
5	2025	0.65 / 0.70	+43 / +46	0.60 / 0.65	+40 / +42	0.60 / 0.65	+40 / +42	0.650	+45 / +42	0.65 / 0.70	+45 / +47	0.75 / 0.80	+52 / +55	0.65 / 0.70	+45 / +47
6	2026	0.85 / 0.90	+52 / +55	0.80 / 0.85	+51 / +50	0.85 / 0.90	+56 / +55	0.75* / 0.80*	+46 / +45	0.875 / 0.90	+59 / +55	0.95 / 1.00	+60 / +64	0.875 / 0.95	+59 / +60
7	2027	1.10 / 1.15	+65 / +66	1.00 / 1.05	+58 / +58	1.05 / 1.15	+62 / +68	0.90* / 0.95*	+46 / +48	1.10 / 1.15	+66 / +68	1.10 / 1.20	+62 / +69	1.05 / 1.125	+60 / +65
8	2028	1.400	+79	1.30 / 1.35	+74 / +75	1.35 / 1.40	+78 / +80	1.15* / 1.20*	+57 / +60	1.35 / 1.40	+77 / +80	1.35 / 1.40	+74 / +77	1.30 / 1.35	+71 / +74
9	2029	1.600	+87	1.50 / 1.55	+81 / +83	1.55 / 1.60	+85 / +88	1.35* / 1.40*	+64 / +68	1.550	+84 / +83	1.50 / 1.55	+77 / +80	1.50 / 1.55	+78 / +82
10	2030	1.750	+92	1.65 / 1.70	+85 / +88	1.70 / 1.75	+90 / +93	1.70 / 1.75	+90 / +93	1.700	+90 / +88	1.70 / 1.75	+87 / +90	1.65 / 1.70	+84 / +87
11	2031	1.85 / 1.90	+97 / +100	1.80 / 1.85	+94 / +95	1.80 / 1.85	+94 / +95	1.80 / 1.85	+94 / +95	1.80 / 1.85	+94 / +95	1.80 / 1.85	+89 / +93	1.80 / 1.875	+93 / +97
12	2032	1.950	+99	1.875 / 1.90	+94 / +92	1.90 / 1.95	+96 / +97	1.90 / 1.95	+96 / +97	1.90 / 1.95	+96 / +97	1.90 / 1.95	+91 / +95	1.900	+95 / +91
13	2033													1.950	+92 / +88
14	2034														
15	2035			2.000	+84	2.000	+84	2.000	+84	2.100	+94	2.050	+88	2.000	+83
16	2036														
17	2037														
18	2038														
19	2039														
20	2040			2.150	+78	2.150	+78	2.150	+78	2.250	+88	2.250	+87	2.200	+82
21	2041														
22	2042														
23	2043														
24	2044														
25	2045			2.300	+77	2.375	+85	2.350	+82	2.400	+87	2.400	+87		
26	2046														
27	2047														
28	2048														
29	2049														
30	2050			2.450	+87	2.500	+92			2.500	+92	2.500	+92		
31	2051							2.450	+87 to 30yr						
PAC 1		3.00C/0.93Y	+69 to 5yr	3.00C/0.93Y	+69 to 5yr	3.00C/0.92Y	+68 to 5yr	3.25C/0.98Y	+74 to 5yr	3.00C/0.93Y	+69 to 5yr	3.00C/0.99Y	+75 to 5yr	3.00C/0.98Y	+74 to 5yr
Notes		10/1/50 PAC bond has 3.00% coupon priced at 110.038 to yield 0.93% and has an average life of 5 years from 100-500% PSA		1/1/51 PAC bond has 3.00% coupon priced at 110.025 to yield 0.93% and has an average life of 5 years from 100-400% PSA		1/1/51 PAC bond has 3.00% coupon priced at 110.080 to yield 0.92% and has an average life of 5 years from 100-400% PSA		* 1/1/26-7/1/29 are 5% coupons; 1/1/52 PAC bond has 3.25% coupon at 111.033 to yield 0.98% with 5 year avg. life 100-400% PSA		7/1/51 PAC bond has 3.00% coupon priced at 110.048 to yield 0.93% and has an average life of 5 years from 100-500% PSA		12/1/50 PAC bond has 3.00% coupon priced at 109.733 to yield 0.99% and has an average life of 5 years from 100-500% PSA		7/1/51 PAC bond has 3.00% coupon priced at 109.779 to yield 0.98% and has an average life of 5 years from 100-500% PSA	
Maturity Dates		4/1 and 10/1		7/1 and 1/1		7/1 and 1/1		1/1 and 7/1		1/1 and 7/1		6/1 and 12/1		7/1 and 1/1	
Call Provisions		4/1/29 at par		1/1/30 at par		1/1/30 at par/101.557 PAC		1/1/30 at par		1/1/30 at par		12/1/29 at par		1/1/30 at par	
Mkt Index		BBI / RBI 2.21% / 2.71%		BBI / RBI 2.21% / 2.71%		BBI / RBI 2.21% / 2.71%		BBI / RBI 2.22% / 2.72%		BBI / RBI 2.22% / 2.72%		BBI / RBI 2.22% / 2.72%		BBI / RBI 2.22% / 2.64%	
Sr Manager		RBC Capital Markets		Citigroup		RBC Capital Markets		Citigroup		Morgan Stanley		RBC Capital Markets		RBC Capital Markets	

NON-AMT SINGLE FAMILY HOUSING PRICING COMPARABLES, PAST 3 MONTHS PLUS EARLIER MHFA

Pricing Date		9/15/20		9/15/20		9/10/20		6/9/20		1/23/20		8/20/19		11/14/18	
Amount		$109,370,000		$126,540,000		$97,180,000		$130,700,000		$149,150,000		$96,775,000		$65,200,000	
Issuer		Minnesota HFA		Rhode Island HMFC		California Veterans Affairs		Minnesota HFA		Minnesota HFA		Minnesota HFA		Minnesota HFA	
Series		2020 Series G		Series 73-A		2020 Series A		2020 Series E		2020 Series B		2019 Series F		2018 Series E	
Program		Single Family / Negotiated		Single Family / Negotiated		Single Family / Negotiated		Single Family / Negotiated		Single Family / Negotiated		Single Family / Negotiated		Single Family / Negotiated	
Rating(s)		Aa1 / AA+ / -		Aa1 / AA+ / -		Aa3 / AA / AA-		Aa1 / AA+ / -		Aa1 / AA+ / -		Aa1 / AA+ / -		Aa1 / AA+ / -	
Tax Status		Non-AMT		Non-AMT		Non-AMT		Non-AMT		Non-AMT		Non-AMT		Non-AMT	
Year	Maturity ('20 pricings)	Coupon/ Yield	Spread to iMMD	Coupon/ Yield	Spread to iMMD	Coupon/ Yield	Spread to iMMD	Coupon/ Yield	Spread to iMMD	Coupon/ Yield	Spread to iMMD	Coupon/ Yield	Spread to iMMD	Coupon/ Yield	Spread to iMMD
0	2020									0.950					
1	2021	0.250	+13			0.20 / 0.25	+8 / +13	0.30 / 0.35	+14 / +17	0.950	+11	1.050	+9	2.000	+11
2	2022					0.35 / 0.40	+22 / +27	0.400	+22						
3	2023	0.450	+32			0.50 / 0.55	+36 / +41								
4	2024					0.65 / 0.75	+47 / +57								
5	2025			0.800	+56	0.85 / 0.90	+62 / +65	1.200	+82						
6	2026			0.95 / 1.00	+62 / +65	1.00 / 1.10	+65 / +74	1.40 / 1.45	+93 / +92	1.450	+51	1.500	+50		
7	2027			1.10 / 1.20	+63 / +70	1.25 / 1.30	+77 / +79	1.55 / 1.60	+94 / +96	1.55 / 1.60	+55 / +58	1.55 / 1.60	+53 / +56		
8	2028	1.450	+84	1.35 / 1.45	+75 / +83	1.45 / 1.50	+84 / +87	1.750	+105 / +102	1.65 / 1.70	+56 / +58	1.70 / 1.75	+63 / +65	3.000	+49
9	2029	1.50 / 1.55	+78 / +82	1.60 / 1.65	+87 / +91	1.650	+92 / +90	1.85 / 1.90	+107 / +111	1.75 / 1.80	+58 / +61	1.80 / 1.85	+67 / +69	3.10 / 3.15	+54 / +56
10	2030	1.70 / 1.75	+89 / +92	1.75 / 1.80	+93 / +96	1.800	+97 / +95	1.95 / 2.00	+109 / +112	1.85 / 1.90	+60 / +62	1.90 / 1.95	+71 / +73	3.30 / 3.35	+64 / +67
11	2031	1.80 / 1.85	+93 / +94	1.85 / 1.90	+96 / +99	1.90 / 1.95	+99 / +103	2.050	+112 / +108	2.000	+68 / +66	2.00 / 2.05	+73 / +75	3.40 / 3.45	+66 / +69
12	2032	1.950	+100 / +96	1.950	+98 / +96	2.000	+101 / +100	2.15 / 2.20	+112 / +113	2.100	+74 / +72	2.10 / 2.15	+77 / +80	3.55 / 3.60	+74 / +77
13	2033											2.25 / 2.30	+87 / +90		
14	2034														
15	2035	2.100	+93	2.100	+93	2.100	+93	2.250	+99	2.400	+88	2.450	+95	3.800	+81
16	2036														
17	2037														
18	2038														
19	2039														
20	2040	2.300	+92	2.300	+92	2.300	+92	2.500	+103	2.625	+92	2.550	+84		
21	2041														
22	2042														
23	2043														
24	2044							2.700	+109	2.800	+97				
25	2045	2.450	+92	2.500	+97	2.450	+92					2.750	+90		
26	2046														
27	2047														
28	2048														
29	2049														
30	2050														
31	2051	2.550	+97 to 30yr												
PAC 1		3.00C/0.98Y	+74 to 5yr	3.00C/0.99Y	+75 to 5yr	3.00C/0.96Y	+72 to 5yr	3.50C/1.43Y	+105 to 5yr	3.50C/1.46Y	+60 to 5yr	3.75C/1.59Y	+61 to 5yr	4.25C/3.00Y	+71 to 5yr
Notes		1/1/51 PAC bond has 3.00% coupon priced at 109.905 to yield 0.98% and has an average life of 5 years from 100-500% PSA		10/1/50 PAC bond has 3.00% coupon priced at 109.729 to yield 0.99% and has an average life of 5 years from 75-500% PSA		12/1/50 PAC bond has 3.00% coupon priced at 109.905 to yield 0.96% and has an average life of 5 years from 100-500% PSA		7/1/50 PAC bond has 3.50% coupon priced at 109.871 to yield 1.43% and has an average life of 5 years from 100-500% PSA		7/1/50 PAC bond has 3.50% coupon priced at 109.724 to yield 1.46% and has an average life of 5 years from 100-500% PSA		1/1/50 PAC bond has 3.75% coupon priced at 110.268 to yield 1.59% and has an average life of 5 years from 100-500% PSA		1/1/49 PAC bond has 4.25% coupon priced at 105.663 to yield 3.00% and has an average life of 5 years from 100-500% PSA	
Maturity Dates		1/1 and 7/1		10/1 and 4/1		6/1 and 12/1		1/1 and 7/1		7/1 and 1/1		7/1 and 1/1		7/1 and 1/1	
Call Provisions		1/1/30 at par		10/1/29 at par		6/1/29 at par		7/1/29 at par		7/1/29 at par		1/1/29 at par		1/1/28 at par	
Mkt Index		BBI / RBI 2.22% / 2.64%		BBI / RBI 2.22% / 2.64%		BBI / RBI 2.22% / 2.64%		BBI / RBI 2.16% / 2.58%		BBI / RBI 2.54% / 3.04%		BBI / RBI 3.10% / 3.58%		BBI / RBI 4.36% / 4.85%	
Sr Manager		RBC Capital Markets		Morgan Stanley		RBC Capital Markets		RBC Capital Markets		RBC Capital Markets		RBC Capital Markets		RBC Capital Markets	

NON-AMT SINGLE FAMILY HOUSING PRICING COMPARABLES, PAST 3 MONTHS PLUS EARLIER MHFA

Pricing Date		6/7/18	
Amount		$43,680,000	
Issuer		Minnesota HFA	
Series		2018 Series B	
Program		Single Family / Negotiated	
Rating(s)		Aa1 / AA+ / -	
Tax Status		Non-AMT	
Year	Maturity ('20 pricings)	Coupon/ Yield	Spread to iMMD
0	2020		
1	2021	1.700	+16
2	2022	1.80 / 1.90	+15 / +20
3	2023	2.00 / 2.10	+23 / +29
4	2024	2.15 / 2.20	+29 / +30
5	2025	2.30 / 2.35	+34 / +35
6	2026	2.50 / 2.55	+42 / +42
7	2027		
8	2028		
9	2029		
10	2030		
11	2031		
12	2032		
13	2033		
14	2034		
15	2035	3.450	+76
16	2036		
17	2037		
18	2038		
19	2039	3.650	+81
20	2040		
21	2041		
22	2042		
23	2043		
24	2044		
25	2045		
26	2046		
27	2047		
28	2048		
29	2049		
30	2050		
31	2051		
PAC 1		4.00C/2.76Y	+77 to 5yr
Notes		7/1/48 PAC bond has 4% coupon priced at 105.68 to yield 2.76% and has an average life of 4.98 years from 100-500% PSA	
Maturity Dates		7/1 and 1/1	
Call Provisions		7/1/27 at par	
Mkt Index		BBI / RBI 3.88% / 4.37%	
Sr Manager		RBC Capital Markets	

CSG | advisors

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